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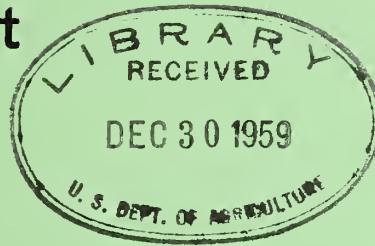


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*Major
Addresses*

presented at



RURAL DEVELOPMENT WORKSHOP

Jackson's Mill State 4-H Camp

(Part 2 of Jackson's Mill Conference Report)

ADDRESS BY SECRETARY OF AGRICULTURE
Ezra Taft Benson

Highlights of Address

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1. The Secretary commends the work of leaders in the national Rural Development Program, observing that they are pioneering new methods of helping rural communities make needed adjustments.
2. Stating that the area of Rural Development Program work has grown from a few counties in 1956 to some 200 rural counties presently involved in program operations or planning, the Secretary says that there is now broad national interest, with bipartisan support for the program in the present session of the Congress.
3. The Secretary calls on all leaders in areas concerned to help implement the Rural Development Program. "A campaign to promote balanced farm, industry, and community development cannot be a half-hearted operation," he observes.
4. He is concerned that too much emphasis may be put on agricultural development in program areas, to the neglect of other opportunities: "I would be remiss if I did not caution that local leaders who force agricultural improvement to bear the whole weight of the Rural Development Program may be doomed to disappointment."
5. Commenting on the rapid changes taking place in rural America, the Secretary says: "What we need in Rural Development Program areas, as well as throughout rural America, is more attention to broad national trends in agriculture affecting the local community, plus resource adjustment in the light of these trends." He urges agricultural and other agency workers to exert every effort to help communities in making needed economic adjustments.
6. The Secretary points out that there are two sides to the farm picture. Farm families on productive commercial farms which produce 91 percent of products going to market have gained the benefits of recent technological changes and improvements in agriculture, he states. However, some three million families on small, low-production farms have received little benefit from farm production improvements, and "types of programs that heretofore have dominated our activities," he says.
7. "Farm families on low production farms cannot be served effectively by programs for commercial agriculture," the Secretary says. "Under-employment--not surpluses and markets--is their big problem. More of our resources--personnel skills and available funds--must be directed toward meeting the special needs of small farmers, part-time farmers, aged and disabled farm people, and those with limited land and capital."

Text of Address

It is a genuine privilege and pleasure to meet with you this evening.

Let me say at the outset that I am attending this opening session of your extremely important and timely Rural Development Conference principally to meet as many of you as possible, and to learn your ideas regarding the Rural Development Program.

You are a select group of people -- you are in the true sense a pioneering group.

Several weeks ago the nation paid deserved attention to seven young men of our armed forces selected as astronauts. One of these young men is expected to be the first American to rocket into orbit around the earth. He and his colleagues are pioneers of the space age.

I say that, in a very significant sense, many of you in this room are pioneers also. You are pioneering new methods of solving farm problems. You are working to bring about long-needed adjustments in many of our rural areas. You are exploring better ways of helping rural people make the changes -- the adjustments -- they desire in their own best interests.

Problems of space travel are awesome. They stagger the imagination. They command the attention of the nation and the world. However, there's still a lot of pioneering to do right here on the ground. It isn't glamorous. It commands little attention. But it's tremendously important to the welfare of the United States. Some would question whether the problem of putting a manned satellite into orbit is so much more challenging than the social and economic problems facing the nation.

Day-to-day leadership in rural area development programs is one of the hard, unpublicized jobs so vital to the nation. Those of you working with these programs are performing one of the most difficult assignments in the entire agricultural area. We commend the initiative and imagination all of you have shown in carrying forward this work. We commend you on your many accomplishments.

And I am sure you would agree that the wisdom, experience, and dedication of Under Secretary Morse and Dean Harry J. Reed have provided the spark and spirit to keep the program growing and national in scope.

In recent weeks, we have heard some criticism that the Rural Development Program has not moved fast enough. As usual, the best reply to such criticism is to examine the record.

In April 1955, President Eisenhower submitted to the Congress a report on underemployed farm families -- a large problem segment in agriculture. The President also recommended a coordinated attack on the problem. As you know, this report, entitled Development of Agriculture's Human Resources, was more than a year in preparation. It was prepared by the best government technicians in the field, with the advice and aid of private individuals and organizations working in the field of agriculture.

Late in 1956 the Administration finally received a small appropriation to begin the program on a pilot or test basis. The amount received was roughly half of what we requested. As late as the first part of 1957, less than 25 rural counties were going forward with organized programs. In quite a few States, Rural Development was just in the planning stage at that time.

Today, some two years later, 30 States are participating. Twelve of these have broad area programs underway or planned. Some 200 rural counties are presently involved in the operation or planning of this work. In addition, I am gratified to report, interest in rural, resource, and area development programs has spread to many States other than the 30 officially listed as in the program.

National awareness of the Rural Development Program has grown apace. There has been greater interest in this session of the Congress than at any time since the program started. It now has extensive bipartisan support. In my judgment this support will increase with the passing of time.

The farm press and the great newspapers of the Midwest, the South, and mid-South, especially, have reported extensively on the program. Growing numbers of national research groups are studying our experiences -- your experiences -- with the program. Do not underestimate the value and importance of this national attention and discussion. Nothing gets accomplished in a democracy unless the people and their representatives know about it, and are persuaded to support it.

Only a few weeks ago, Representative William H. Natcher, a member of the Kentucky Congressional delegation and of the House Subcommittee on Agricultural Appropriations, called the Rural Development Program in his district the true American dream of self-help, progress, and independence.

Congressman Natcher has well stated the real meaning of the Rural Development Program. It is indeed democracy in action, out where it counts, at the grass roots.

Your efforts to make this idea work can influence profoundly the future course of our nation. By bringing local leaders to the fore, this program

can help reverse the trend toward centralization in government, in economic development, in dealing with the vast problems that confront local communities, both rural and urban.

In recommending the Rural Development Program, we were determined that rural leaders would have an opportunity to take the lead in program development at the local level. This was not to be just another government program, with Washington calling the tune. The aim is to encourage local initiative and enterprise, not to put a bridle on them.

Without a doubt, the record of the program in just two short years is remarkable. I use the term advisedly. The record is remarkable in relation to the many difficult problems involved in getting this work under-way. I know of no other program on the national scene which involves so many different groups and interests. No other program is attempting to cope with such a chronic domestic problem as rural resource adjustment. Results in just a short time are gratifying. I am especially impressed by the many sound projects already carried to completion in program areas throughout the nation. The list is a long one:

A new health clinic in one of the Kentucky program counties.

Milk processing plant in northern Mississippi.

Hardwood industries in eastern Maine, Wisconsin, and other States.

Conservation and land drainage in a South Carolina county.

Construction of new manufacturing plants in several States.

A vegetable packing plant and shed in North Carolina.

Added educational and training opportunities in Washington and Missouri.

Swine improvement and marketing in northern Minnesota.

Tourist industry promotion in Michigan.

Expansion of livestock production in Louisiana.

And hundreds of other projects I haven't time to mention, all the result of action by local people, utilizing Rural Development Program personnel and services.

However, we are attending a workshop session, not a pep rally. I am going to speak frankly for a few minutes about the great responsibility all of you bear to farm people and the nation as a whole, as you help carry forward these Rural Development Programs.

A campaign to promote balanced farm, industry, and community development cannot be a half-hearted operation. All leadership in rural areas must become involved. This most certainly includes the able, skilled

workers who staff the county agent's office, FHA, SCS, ASC, local health, welfare, and education offices, county governments, and industry boards. These latter agencies, working outside the strictly agricultural field, bear an important responsibility in the program.

It is understandable that rural people would turn to farming improvement as the principal method of adding income. But I am concerned that this aspect of the Rural Development Program, important as it is, may receive too much emphasis to the neglect of other opportunities. In many areas, true enough, the field is wide open to improve incomes through betterment of agricultural production and practices. But I would be remiss in my responsibility to you this evening if I did not caution that local leaders who force agricultural improvement to bear the whole weight of the Rural Development Program may be doomed to disappointment.

Promotion of rural industries, off-farm jobs, and revised educational programs must also receive equal emphasis. Indeed, in some areas, these are the core of successful Rural Development Programs. Let's not put all our eggs in one basket.

In many rural areas, we still are not helping our young people prepare themselves for the wide range of opportunities they most certainly will encounter in a growing, fast-changing America. Let me give you an example. One of the State universities cooperating with the Department of Agriculture recently completed an educational study in three Rural Development counties. Less than 20 percent of the boys interviewed in these areas intended to stay in farming. Yet, in the words of the study, "none of the boys and girls interviewed indicated they had ever taken a course in trade and industrial education in high school."

I cite this example because it illustrates very well a situation that is widespread. According to recent estimates, approximately 65 percent of boys and girls growing up in rural areas will not find opportunities on the farm -- on any kind of farm.

We are not downgrading agriculture when we face up to this fact. A lot of young people in rural communities will be able to find jobs in industries related to agriculture. Handling, marketing, selling, processing, financing, and the like. For example, about 15,000 new jobs for college graduates are created in agriculture each year. Our Land-Grant Colleges graduate only 8,500 students to fill these openings.

Are the fine rural youngsters in your areas getting the counseling, advice, and education they need to meet the challenge of the future? Each of us here needs to face this question squarely. As leaders in farming communities and rural towns, you have a duty and a mission.

Whether in the field of agriculture, or education, or industrial development, you have been trained to analyze facts, to develop sound plans based on conditions as they exist, not as you would like them to be. Facing facts is the mark of the leader, of the educated person, of the scientist.

I am concerned that in too many rural communities, local farm, business, civic, church, and other leaders are not getting the benefit of your analysis and insight. It seems to me that what we need in Rural Development Program areas, as well as throughout rural America, is more attention to broad national trends in agriculture affecting the local community, plus resource adjustment; in the light of these trends.

We could not stop technological change in agriculture, even if we were foolish enough to try. But through neglect and through unrealistic programs we can hinder many of our rural communities and farm families in adjusting rapidly to these trends. Lack of information, misdirected assistance, a failure of imagination, all these can disarm our rural communities and leave them unprepared to meet future conditions.

There are many needs to be met:

- Encouragement of economic family farm units.

- Vigorous promotion of rural industries.

- Career counseling for young people.

- Sound programs of industrial training in schools.

- Zoning.

- Closer town-country cooperation.

Some of these activities may not be popular in rural communities. But those who see the need, and yet keep silent, are simply not doing their duty.

All of you working in the nation's rural areas know that the farm picture is far more complex than some politicians would like to have it appear. Many farm families are doing well today. These are the families on the more productive, well-managed commercial farms and ranches. They help produce the 91 percent of farm products going to market.

Last year, farm operators' realized net income rose to \$13.1 billion--the highest in five years--and a gain of 20 percent over the previous year. In the commercial sector of agriculture, we do have a rapidly changing, dynamic, and generally prosperous agriculture, which is undergoing an irreversible, technological revolution.

Our farm laws must be revised to cope with these current conditions. In January, therefore, the President recommended to the Congress forthright

changes in our farm price supports. He urged that price supports no longer be related to a standard 45 years old, but to a percentage of the average market price during the immediately preceding years.

If the Congress still prefers to keep existing parity standards, the President urged that the Secretary be given discretion to establish the support level for all commodities in accordance with guidelines fixed by law. This is now permitted for all of the 250 commercially produced commodities except the 16 for which supports are mandatory.

We definitely favor the first of these -- price supports related to a percentage of the average recent market price.

Either of these changes would be constructive, however. Under either course, the surplus could be reduced, the cost cut, production controls relaxed and markets developed. Our farm people could make more of their own decisions. The government could resume its proper function of promoting farm research, expanding and developing markets, protecting soil and water resources, improving farm credit, and promoting area economic growth. We would help stabilize markets, not price ourselves out of them.

Under the present, outmoded program, we are trying to price abundant farm products as if they were scarce. This cannot be done without piling up surpluses.

The evidence of 25 years says that we cannot balance supply and demand by means of present acreage controls.

We cannot solve this farm problem by programs which destroy markets and which channel farm products into storage. A warehouse is not a market. A storage bin is not a customer.

The economics of the farm problem on our commercial, high-production farms is simple -- we need less government in farming. We must quit trying to fix prices unrealistically. This is the source of the twin evils of production for government warehouses and government control over farmers. We must emphasize markets, increased efficiency, and competitive selling. We must eliminate government's stranglehold on commercial agriculture.

Based on the mail we have received and on contacts from all over the country, I say bluntly that the overwhelming majority of agricultural economists and other students of this problem endorse what we are trying to do as sound and best for agriculture.

A recent survey of agricultural economists at our 49 Land-Grant Colleges has just been published. Of the 37 economists replying, four out of five say that, "any laws further ham-stringing the free market will hurt the farmer, the consumer, and the nation."

And farmers endorse it too. One of the largest national farm magazines recently invited farmers to tell Congress what to do about price support programs. This nation-wide poll showed that 8 out of 10 of the farmers want greater freedom and less government in farming.

In the referendum of December 1956, 61 percent of the corn farmers voted for lower support and increased acreage. Last November corn farmers voted by almost 3 to 1 to eliminate corn acreage allotments and lower the level of price supports.

Even more recently, about 70,000 cotton growers chose the "B" program with 15 parity points less price support in exchange for a 40 percent increase in acreage.

Farmers want more freedom.

The early enactment of realistic, beneficial farm legislation would be of great value to commercial agriculture and the entire national economy. It would give farmers the freedom they desire to produce for markets, instead of government bins and warehouses.

However, I have been discussing programs that have their major impact in the commercial sector of American agriculture. As all of you know, at first hand, this is only half the picture. The other half is made up of part-time farmers, residential farmers, those on poor soil often in isolated areas, those handicapped by age or illness, families with limited resources.

As President Eisenhower observed in 1954:

"The chief beneficiaries of our farm programs have been the 2 million larger, more productive farm units. Production on nearly 3 million other farms is so limited that the families thereon benefit only in small degree from the types of programs that heretofore have dominated our activities."

This broad segment of our farm and rural population has largely been neglected. These families cannot be served effectively by programs designed primarily for commercial agriculture. Most of them gain little, if any, benefits from price supports and government commodity stabilization programs. Underemployment -- not surpluses and markets -- is their big problem.

They need opportunity to obtain off-farm work to supplement farm income. They need adjustments which will permit able farmers to obtain land and other resources to do an adequate job of production. They need better and broader opportunities for their young people. They need educational programs to prepare them for a wide variety of jobs in an expanding economy.

It appears indefensible that this nation should devote such a large increment of public programs and services in the field of agriculture to the benefit of less than half our farmers. More of our resources -- personnel skills and available funds -- must be directed toward meeting the special needs of small farmers, part-time farmers, aged and disabled farm people, and those with limited land and capital.

Why should publicly-supported programs provide most of their benefits for the minority of farmers who need help the least? More and more, the public and the press are asking this fundamental question.

Recently, for example, the highly respected editor of the Atlanta Constitution, Ralph McGill, asked in his column, "Who are the farmers?" He discussed the two broad groups of farmers in the nation, and termed the 56 percent producing little for market as the hard core of the farm problem. "But they are the human core, and as such, deserve a program," he wrote.

Let's concentrate our skills and services on helping the neglected majority of the nation's farm people.

I am calling on all agency heads concerned in the Department of Agriculture to reappraise the role of their agencies in the Rural Development Program, with a view to speeding and perfecting this work.

I also propose to explore with deans of agriculture their ideas on how to bring about closer State and national cooperation to move the program forward more rapidly.

Rural and resource development programs offer the best chance of preserving the rural environment and strengthening small-scale farming in this nation.

As President Eisenhower has stated, "Such programs deserve the awareness and support of all Americans."

I urge you to utilize the opportunity of this conference to strengthen and improve the work now going forward, and just as important, to seek ways of expanding such programs and broadening their impact in rural America.

God speed your efforts.

* * * * *

HOW TO DO - RURAL OR AREA DEVELOPMENT

True D. Morse

Highlights of Address

1. The total effort to enlarge opportunities for low income rural families is spreading throughout the United States, and includes not only the Rural Development Program but also pioneering community and area development activities.
2. Price supports are of little benefit to the 2.7 million small-scale, part-time, and residential farms which produce only 10 percent of marketed farm products. The challenge is to develop programs and projects that will genuinely help the low income rural groups.
3. More income and opportunity is the goal. It is being achieved in many areas by development of off-farm jobs. One dollar in every 3 which farm families receive as income is derived from off-farm sources. Industries, businesses, service enterprises, tourism generate a growing source of income for farm families. "Mixed income communities" are replacing what were once farming areas only.
4. An urgent need in many rural areas is vocational training to "serve" the new rural America. Education beyond high school for the more capable rural boys and girls is also a pressing need, since the national work force of 1975 will be composed of 75 percent more professional and technical workers, 45 percent more craftsmen.
5. Some steps in a State Rural Development Program would be as follows:
 - a. Formation of a broadly-representative State committee.
 - b. Organization of a county or area committee, with project subcommittees as needed.
 - c. Technical assistance from the "wealth of people and organizations ready to help any area that wants to make more rapid progress."
 - d. Establishment of better-coordinated working relationships among organizations and agencies active in the development program.
 - e. Determination of area resources through studies and inventories.

- f. Preparation of an overall development plan showing projects and goals in agriculture, industry, health, education, recreation and community facilities. Agreement among leadership on overall plan.
 - g. County or area program subcommittees working in above representative fields to provide impetus and direction for projects.
6. Through recent actions of Congress and Federal government agencies, more resources will be available for rural area development work, including provision of extension agents for this work; credit for farmers, with off-farm employment; industry dispersal under Defense programs; guidance, testing, counseling in high schools; broadened assistance to small businesses; employment services for selected rural areas.

HOW TO DO - RURAL OR AREA DEVELOPMENT

True D. Morse, Chairman
Committee for RURAL DEVELOPMENT PROGRAM
and Under Secretary of Agriculture

The success of the Rural, Resource or Area development approach has been gratifying. A foundation has been established on which to go forward with widespread activities of increasing effectiveness.

Work is moving ahead in over 30 States and in Puerto Rico. Development action has spread, in less than three years, far beyond the original 60 pilot or demonstration counties and areas. We have been told of work under way in some 200 counties.

This does not include the pioneering community and area development activities which have helped point the way for the present enlarged program. Recognition needs to be given to all such development work. It is all part of the total effort which is being made to enlarge the opportunities for low income families and entire rural areas.

There are over 1000 counties, about one-third of all counties in the United States, where there are serious underemployment, low incomes, and unsatisfactory levels of living.

There are about 2 million farms producing 90 percent of the farm products marketed. They include the larger more prosperous farms.

The billions of dollars of government expenditures for price supports and stabilization are primarily for the products of these farms. By comparison there is a bare trickle down of aid to the farm families -- on small low income farms -- who are most in need.

There are some 2.7 million small-scale part-time and residential farms. They produce a mere 10 percent of the farm products marketed.

Price support outlays for these farm families are comparatively small -- meager millions compared with the billions of dollars being spent by law on the production of the larger more prosperous farms.

Most of the 2.7 million farm families have low or inadequate incomes. Levels of living are below average. There is widespread and acute underemployment.

Price supports have not -- and cannot -- solve the economic problems of the small farmers. In fact, such price support laws have increased the problems and burdens of thousands of small farmers already hard pressed for income and an adequate level of living.

Living within the same areas of low income farms -- and associated with the farm families as neighbors in the country and in the towns -- are even larger numbers of rural non-farm families, which likewise have low incomes, underemployment and often low levels of living.

As a whole, this is a major weakness in the total resources and economy of the United States.

Human resources are being neglected, wasted, and underemployed.
Natural resources are not being developed and employed adequately.

President Eisenhower has pointed out such facts repeatedly in his 1954 Farm Message and later statements.

The Joint Congressional Committee on the Economic Report said in January 1956, "The existence of areas of low economic activity seriously retards the rate of national growth, and is in itself a significant cause of self-perpetuation of low-income, underemployed groups. The goal of achieving full utilization of our national resources -- land, labor, and capital -- will never be attained as long as these geographic pockets of continuing economic depression persist."

The way to largely overcome this serious and widespread national problem -- is through development programs. That is what brings us together in this school or "How-to-do-it Workshop." That is our challenge.

You as state leaders -- and workers at the "grass roots" with this age-old and tough problem -- will be going back to the 32 states and Puerto Rico represented here -- to help in training other leaders and workers. The success of this conference will depend largely upon the extent to which you go back to your various states and areas and assist in conveying "How-to-do-it" ideas and methods to other leadership.

How to do rural, resource, community or area development has been shown by --

1. Numerous studies, including Congressional studies and investigations of the "Family Farm," and
2. Hundreds of community activities and pilot or demonstration county and area programs.

Now the emphasis is on action. We must push ahead.

More income is the top goal. Top because more dollars will help families buy more education, health and other needs.

More income can and is being achieved to a major extent by increased off-farm and non-farm income. The Congressional Joint Economic Committee said in February, 1958 there is "... need to develop local non-farm resources and otherwise assist farm-reared people who have poor opportunities in agriculture to earn income in other ways."

Farm families, on their own, have reached out for such off-farm and non-farm income. It is their largest single source of income -- bringing in more than \$1 out of each \$3 which they receive.

How to do it! Just look at the results where people team up for county and area development programs.

New and expanded industries, factories, businesses and service enterprises -- each new job generates the equivalent of another -- so the payroll and income buildup accelerates.

Tourist, hunting, fishing and recreational activities are big business in America. They are an important "cash crop" which rural areas are cultivating. Forests, hills, mountains, parks, streams, and lakes are being developed to attract and hold this rapidly expanding business.

Another "cash crop" or new "payroll" being attracted is retired people and others seeking country homes. They have money to spend and help create more prosperous areas.

Farms are made more productive. Forests are improved. Processing and marketing are developed. More local demand for farm products results as the economy is built up and people in an area have more income with which to buy.

The new rural America that is emerging is good for America. It is good for people to live on the land -- out in the country. Certainly it is good for low income farm families to be able to continue to enjoy their farm homes and yet have adequate incomes for health, education, and general welfare, such as most Americans enjoy.

More and more farm people who have their homes on farms, especially small, low-income farms, are commuting to factories, offices and other employment in the towns or cities. They have taken lessons from their "city cousins" and discovered that roads and highways can be traveled in both directions to more income and higher levels of living.

The most extensive highway building program in history is under way -- and will speed this development.

"Mixed-income communities" are replacing what were once only farming areas. Some are calling them "diversified income" areas.

Businessmen, farmers, and other leaders know how important it is to have diversified income. When drought disaster or low yields strike farming, incomes from off-farm employment continues to bring in cash. When factories close down -- or work weeks are shortened -- it is good to have continuing farm income and produce for the family.

More broadly-based and diversified area economies are good for the future stability of America.

Education -- and total "Development of Agriculture's Human Resources" -- rank at the very top. Every area can go into action on this -- and increasing numbers are.

Vocational education is urgently needed to serve effectively the New Rural America -- the diversified income areas. Vocational instruction is being adjusted and broadened. Instructors in trades and skills are in demand.

The Family Farm Subcommittee, House of Representatives, 84th Congress, said, "Since two or three out of four rural youngsters are destined to settle into urban and industrial employment, the vocational education of rural schools definitely should embrace elementary training in urban pursuits. This applies especially to areas of small farms, since these are the sources of the largest youth migrations to urban employment."

The Joint Congressional Committee on the Economic Report (Senate and House) 84th Congress, said, "It is apparent that a threefold approach is required to meet other aspects of the problem of chronic labor underemployment in low-income farm areas:

"(1) Encouragement of off-farm employment by development of new industrial locations within the area;

"(2) Assistance of farm families willing to migrate to other areas and who possess definite job opportunities in the new location;

"(3) Provision for greater opportunity for rural people to obtain training for non-farm occupations.... to improve the education of farm people, to make training in industrial skills available to them, and to overcome obstacles faced by people who wish to make the transition from farm to non-farm work.

"Success in this effort would have most direct impact on noncommercial farm families...."

Does your county or area or State offer "horse and buggy" vocational education.... or is it modernized for the New Rural America already upon us?

Education Beyond the High School is being pushed by development committees. President Eisenhower's Commission pointed up the urgent need. Estimates indicate that the work force of 1975 will be composed of 75 percent more professional and technical workers, 45 percent more craftsmen, and 25 percent fewer laborers than in 1956.

Low income rural areas are rich in human resources. These fine boys and girls primarily need encouragement and kindly guidance to get them started into colleges and universities. There are unused scholarships, grants and loan funds -- and people and organizations are ready to help.

Action! Let's push ahead to help get the boys and girls to stay in school -- and then go on to education beyond the high school. We will be helping to fill the shortage of scientists, engineers, teachers, doctors and nurses -- and helping bright young people escape what may be a lifetime of low incomes and limited usefulness. It is a major way to help build a stronger America.

Better Health has been among the first and most vigorous action programs.
No county or area need wait to push ahead.

Report after report shows stepped up inoculations against disease. The reports show more X-rays. Health clinics and hospital facilities have been installed -- improved diets, water supplies, sewage disposal and sanitation have come through local people actively working with available medical and health associations and State and Federal agencies and departments.

How to do it! Let's look again at what the Congressional Committees have had to say.

The Family Farm Subcommittee said, "Democracy finds its meaning in the community. Programs for economic improvement can be put into effect far more quickly and beneficially in organized rural communities. Local initiative and cooperation are imperative in programs directed at improving the economic position of the family farm."

The Joint Congressional Committee said, "The Federal Government must assume a positive role, but we do not believe that responsibility for further constructive action lies with the Federal Government alone. To meet the problems effectively will require the concerted efforts of all segments of our national life -- all levels of government working with labor and management and private community groups and organizations..."

The President, in sending the Report to Congress that resulted in the Rural Development Program approach, said (April 1955), "The essential cooperative nature of the undertaking is clear. The recommended program is cooperative as regards individual and group action, as regards private and public agencies, and as regards agencies at local, State and Federal levels...."

"A many-sided attack is essential.

"We must open wider the doors of opportunity to our....farm families with extremely low incomes..

"For their own well being and for the good of our country and all our people."

How To Do It!

1. States have formed Rural, Resource, or Area Development Committees -- with broad representation.
2. Counties or Areas have Development Committees -- with project or Subcommittees as needed.
3. There is a National Committee at the Under Secretary or Sub Cabinet level. This Committee for RURAL DEVELOPMENT PROGRAM represents --

Department of the Interior
Department of Agriculture
Department of Commerce
Department of Labor
Department of Health, Education,
and Welfare
Small Business Administration
Council of Economic Advisers

Dr. Harry J. Reed, former Dean of Agriculture at Purdue University, is the Coordinator.

4. A wealth of people and organizations stand ready to help any area that wants to make more rapid progress.

In June 1958, prominent representatives of more than 150 private organizations met in Memphis, Tenn., to discuss the program with officials of 31 Land-Grant Colleges and Universities and State and Federal personnel representing 44 agencies.

5. All organizations, groups and agencies need to be brought together in a coordinated working relationship to get maximum county or area development.

- (a) There needs to be a study and inventory of the resources of the county or area. The favorable along with the limiting factors need to be determined.
- (b) The next step is to draft a development program. It should show specifically the activities and enterprises adapted to the area -- those with most potentials, such as --

crop and livestock enterprises,
businesses and industries,
tourist, recreation or residential potentials,
health, education, religious and character
building needs, etc.

- (c) Get general agreement among the area leadership, organizations and agencies on the development program to be undertaken. Specific goals may be desirable.
- (d) Establish committees for each project or activity -- with definite responsibility fixed on the logical agencies and leadership. For example --

Dairying -- dairy industry representatives, farm organizations, extension service, banks, etc.

Forestry -- private and public foresters, forest service, soil conservation service, etc.

Industry -- chamber of commerce, power and transportation companies, Department of Commerce, Small Business Administration, etc.

Tourist and Recreation -- chamber of commerce, service clubs, park administrators, foresters, travel bureaus, game and recreational organizations, etc.

Health -- Doctors and health officials, medical and health organizations and agencies, including those working on dietary problems, youth clubs, etc.

Education -- School officials and education leaders, labor and education department and agency representatives, extension service, etc.

Etc. -- (other development projects and activities).

- (e) Hold regular meetings of the county or area Development Committees to review progress of the various projects and activities, assure coordination of work, and to project plans and goals ahead.

6. Get action on all fronts where the leadership has agreed that progress is possible on a sound basis for the future. This action could include for example --

- (a) Better farming situations for those who should continue in farming;
- (b) Additional employment opportunities for underemployed farm people;
- (c) More tourist, and recreational income;
- (d) Additional sources of incomes for farm families and other rural people needing higher incomes;
- (e) Adjusted and expanded educational opportunities;
- (f) Better health facilities and services and more use of dietary and health measures;
- (g) More adequate religious and character building activities; and
- (h) Financial management programs, including retirement plans.

There will be increasing assistance for rural area development work.
For Example:

Congress in 1955 changed the law so the Farm Credit Administration could make Land Bank loans to farmers located where they have opportunity to obtain supplemental employment.

Congress in 1955 amended the Smith-Lever Act (PL 360) permitting the Extension Service to make allotment of special funds to States for Rural Development type work.

Congress in 1956 changed the law so the Farmers Home Administration could serve more effectively low income farm families by loaning to farmers with off-farm employment. Additional loan funds were made available.

Congress in 1956 in amending the Defense Production Act inserted in the law "it is the policy of the Congress to encourage the geographical dispersal of the industrial facilities of the United States...."

Congress in 1958 in the National Defense Education Act provided for guidance, testing, and counseling in both rural and urban schools; and area programs of vocational training for highly skilled technicians.

Congress in 1958 made the Small Business Administration permanent and gave it greatly enlarged lending and management assistance authority. In a recent six months the Administration made 394 loans totaling some \$27 million to small businesses in rural areas.

The Department of Labor is carrying forward four experimental programs in Arkansas, Kentucky, Tennessee, and Wisconsin to determine how to serve more effectively farm families and others in rural areas with aptitude testing and guidance and employment services.

The President has established a Cabinet level Federal Council on Aging. The Congress has authorized a White House Conference on Aging to be held in January 1961. There are many elderly people on small farms.

Area Assistance bills are pending in Congress. The President has recommended such legislation on a limited basis.

Concern for farm families and people -- not just cotton, corn, cattle or hogs -- that is the challenge that is before us.

The Nation is deeply indebted to you and those working with you in charting the way to more widespread prosperity for farm and rural people.

Some say these low income farm families and areas are a social problem -- not a farm problem. It is however a problem of families. All can agree that it is a deep-seated and chronic economic problem -- with human values at stake.

At stake are the social stability and the spiritual and cultural values of rural areas that have helped make our Nation great. At stake are future opportunities for fine boys and girls. At stake is the future strength of America. Of such is the challenge of rural development programs.

PRINCIPLES UNDERLYING ORGANIZATION EFFECTIVENESS

Edward O. Moe

Highlights of Address

The problems confronted in organization are as old as man. Moses was sighted as one who was trying to do it all himself. His father-in-law (Jethro) suggested that he get help by selecting leaders from among the people, men of truth and who fear God ---place these over "thousands, of hundreds, of fifties and tens"...and let them judge the people"...Every great matter they shall bring to you"... Then thou shall be able to endure"... All of us like leaders down through the ages are looking for a way to get the task accomplished with increasing human satisfactions.

With a form of organizational revolution constantly going on to meet the sweeping changes, there are some attendant factors emerging like: (a) Specialization; (b) Fragmentation of knowledge (resulting from specialization); (c) Coordination. Integration of human and other resources all point up the complex matter in a single organization. When many agencies, groups and disciplines of the groups are not brought to focus under one endeavor as in the Rural Development Program, the complexity increases.

It is necessary that we study and understand organization better than ever before:

- In them we find satisfactions and frustrations
- In them we achieve or fail (individually and as a society)
- Through them we realize our own aspirations
- Major threats to the world have come as a perversion of human organizations
- If man achieves his destiny, he must understand the phenomena of the atom as well as himself and the organization he builds.

A person and his job are hard to separate. A job is the person in action. But no job exists just for one person. No person is fully master of his fate -- nor does one person fully determine his own action. His action is affected by many: administrators, supervisors, friends, family, community, etc.

A host of attributes like dependability, loyalty, originality, etc. are to be seen in a good worker. Likewise a good supervisor or manager is considerate, stimulating, fair, decisive and dignified, as

well as humble. As a good colleague he also is loyal, thoughtful and cooperative. Other traits of the good worker are: a good citizen, husband, parent, friend, good in his profession, as well as active in his church. In the final analysis man needs a way of sorting out demands, and bringing order out of confusion without oversimplifying realities.

Although authorities have differed on many points of view, the central ideas about the management job and underlying principles are similar among the various schools of thought. Many of the accepted principles have been found to be inadequate. Some of this inadequacy is due to the organizational principles having been derived from models such as military that often vary widely from industrial, governmental, and voluntary organizations. Also, social and political factors have not been considered.

The age-old conventional belief that "authority" was to be the sole governing gimmick is being re-examined, and more thought given to Human Relations Solution as an alternative to authority. While abandonment of management is not the intended answer, there is soundness in a blending of the two. This might be done through: Confidence on the part of the people in their leadership and vice-versa, as well as the integration of the goals of the parties to the relationship.

Some conditions for effective organizational leadership include:

- An atmosphere of approval -- of mutual acceptance.
- Knowledge of things that affect me like -- overall policy, procedures, rules, duties and changes.
- Consistent discipline -- fair ways of handling mistakes.
- Acceptance of responsibility for furthering the organization's ends as well as our own, etc.

PRINCIPLES UNDERLYING ORGANIZATION EFFECTIVENESS

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I. Introduction

The problems confronted in organization are as old as man. One telling account of the development of organization or the design of some social machinery to carry out a job is recorded in the Old Testament, the 18th Chapter of Exodus, the thirteenth to the twenty-seventh verses. Jethro, Moses' father-in-law, observed that Moses sat to judge -- "and the people stood by Moses from the morning until evening."

Jethro inquired of Moses, "What is this that thou doest to the people?" -- "Why sittest thou alone?"

Moses replied in terms of the expectations of the people, and his own conception of his job, "Because they come to me ... and I judge between one and another."

Jethro with cutting insight responded: "The thing that thou doest is not good ... Thou wilt surely wear away ... both thou and this people."

"This thing is so heavy thou art not able to perform it alone."

The people of Israel were in a state of disorganization in which Moses was responsible for everything from agriculture, to bartering, to barbering, to religion and to all other activities. Jethro's conclusion is as modern as today's headlines in its recognition that the weight of organizational leadership is heavy, that it cannot be carried alone.

Furthermore, Jethro suggested the identification and selection of leadership and the building of an organization. His advice to Moses:

"Thou shall teach them (the people), moreover, thou shalt provide out of the people able men such as fear God, men of truth ... place such as rulers of thousands, of hundreds, of fifties and tens. And let them judge the people ... Every great matter they shall bring to you."

The new organization manned by the leadership of the nation carried with it a promise: "Thou shalt be able to endure, and this people shall go to their place in peace."

This is the kind of a promise all of us look to in reorganization and our continuing adaptation of social machinery to the tasks at hand. Somehow we hope the task will be accomplished more efficiently and that basic human satisfactions will be increased.

The Bureaucratization of our Society

Some sweeping and some subtle, almost imperceptible changes are taking place in our time as a result of a kind of organizational revolution. Large scale, rationalized, formalized, efficient organization has become a major reality in the lives of all of us.

Some significant factors in the emergence of this type of organization are:

- a. Specialization
- b. Fragmentation of knowledge, an inevitable result of specialization, and
- c. Coordination--integration of human and other resources to solve a problem or to do a job has become a complex matter, even in a single organization. When it involves many organizations in many communities over a whole continent, as it does in rural development, the complexity is enormously increased.

We must come to understand organization and organizations better than we do. In them we find many satisfactions and frustrations. In them we achieve or fail -- individually and as a society. Through them we realize our own aspirations, or are manipulated into the realization of goals alien to ourselves. Major threats to the world in our time have come as the perversion of human organizations--at least in terms of the major values of our culture. If man is to achieve his destiny, he must understand not only the phenomena of the atom, but himself and the organizations he builds.

A Person And His Job

A person and his job are hard to separate. A job is a person in action. A person can dream that he makes the job -- the action. This -- if it happens -- is a killing thing. No job exists for just one person. No person is fully master of his fate. No person's action is determined exclusively by himself. A person can be lonesome on a job, but never alone. His action is affected by a whole host of people -- administrators, supervisors, colleagues, workers he supervises, family, friends, community, and we could go on adding to the list. The way a person acts also produces action by others. For a man to be proud of the job, he must act in a way that produces constructive action in others, whoever they might be.

A person must be a good worker: dependable, but rational; loyal, but no "yes-man"; respectful, but assertive; original, but not competitive.

A person must be a good manager and supervisor: considerate, but action-oriented; stimulating, but not driving; sensitive, but task-oriented; fair, but firm; decisive, but flexible; dignified, but humble.

A person must be a good colleague: loyal, but no conspirator; thoughtful, but active; cooperative, but not submissive; guiding, but not demanding.

A person must be a good citizen: purposeful, but unselfish; respected, but no "stuffed shirt"; loyal to his organization, but also to the community; a man of conviction, but tolerant; outspoken, but tactful.

A person must be a good husband and a good parent: helpful and protective, but not domineering; loving, but not overly demanding; sharing, but not submissive.

A person must be a good friend: easy-going, but not conformist; relaxed, but having standards; selective, but not a judge.

A person must be a good professional: a vocational expert, but open to opinions of others; knowledgeable, but willing to experiment; vocationally competent, but not excessively proud.

A person may be a good church man: active, but not compulsive; critical, but not professional "one upmanship"; example setting, but not moralistic; a leader, but values membership.

All this -- even for the best of men -- is not easy.

What a person does on a job is complex. The forces are many. The demands are confusing. The better person one is, the more responsibility he assumes, the more complex is the job.

A person needs a way of sorting out the demands, a way of thinking about his job, a way of bringing some order into the confusion without oversimplifying the realities.

II. A Re-Examination of Organization Theory ^{1/}

The literature of organization theory presents a reasonably consistent set of ideas about the management of human resources within various types of enterprises. Different writers over the past half century have had somewhat different points of view and there have been arguments here and there, but with few exceptions the central ideas about the nature of the management job and the principles which underlie it are similar among the various schools of thought.

Many Accepted Principles Inadequate

The difficulty is that these widely accepted principles are proving less and less adequate to meet the requirements of management today. This is true in industry and certainly the people represented here have been asking questions about organization principles and management.

Among the reasons why organizational principles are inadequate are these:

- a. They have been derived primarily from models such as the military which differ in important respects from today's industrial, governmental, and voluntary organizations.
- b. The impact of social and political factors have not been adequately considered.
- c. Certain assumptions about human nature and human behavior do not seem to hold up in light of the accumulation of the data of the social sciences, and the current experience of many types of organizations.

^{1/} Many of the ideas expressed in this paper grow out of the work of Dr. Douglas McGregor, Dr. Chris Argyris, Dr. Rensis Likert and Dr. Charles P. Loomis.

Authority as the Method of Management

The central principle of conventional organization theory is that of authority. Since management is concerned with accomplishing organizational goals through people, the underlying method by which this is to be accomplished colors all organization theory.

Most basic writings including textbooks almost always derive their principles from the assumption, then, that authority is the means by which management will accomplish its purposes. This idea is so deep rooted it seems almost foolhardy to challenge it. An analysis of its implications, however, suggests the possibility that it is a weak crutch in industry and no crutch at all in governmental and voluntary organizations. This does not mean that it is not an essential element in the management of any enterprise. It means our almost exclusive concern with authority may have led us to overlook or underestimate the importance of many other elements in the management process.

For our purpose, we will define authority as the exercise of control, as telling people what to do.

All three major difficulties of organization theory mentioned above come into focus in a critical examination of authority. Personal authority can be successful only if it can be enforced.

- a. The ultimate sanction in the basic model, the military, the final punishment is death.
- b. It is rather obvious that what has been happening in our time is a kind of erosion of personal authority.

Effectiveness of enforcement in many, if not all, types of enterprises is curtailed. The threat of unemployment and other means of enforcing authority over the years have lost some of their effectiveness. Among the factors at work have been:

- a. Legislation
- b. Unions
- c. Growing knowledge as to the behavioral consequences of using authority, its negative effects
- d. Political consequences and political power
- e. Stress on equalitarian values
- f. Inability to control rewards. It is somewhat easy to control and administer punitive sanctions. It is another matter to control the satisfactions one experiences or derives from his work.

The Exercise of Force in Management Tends to be Self-Defeating

There is a considerable body of evidence indicating that reactions to authority are substantial in organizations in the United States today, and that they affect negatively the effectiveness of organizations. These reactions may take a variety of forms ranging from open revolt through indirect "sabotage" to pathological passivity. The familiar phenomena of militant unionism in industry, of restriction of output and featherbedding, of legalistic tactics in labor negotiations, are but a few examples. Less obvious, but equally effective in defeating managerial purposes in all types of enterprises, are such things as indifference to organizational objectives, low standards of performance, ingenious forms of protective behavior, refusal to accept responsibility, and many other reactions. The fact is that these phenomena are so familiar that most people in management tend in practice to rely less and less on the exercise of personal authority, except in crisis situations when requests and persuasion fail. This seems to be more evident the higher one goes in organization. The direct use of telling people what to do within the higher levels of management is becoming somewhat rare. This statement would not have been true fifty years ago, or even twenty-five.

III. The Human Relations Solution -- An Alternative to Authority

Classical organization theory like most well developed theories had one great strength: a coherent, systematically related set of principles.

Ideas from the human relations fields on the other hand are scattered, piecemeal, and unrelated.

The abandonment of management certainly is not the answer. While this is not suggested by the findings of the human relations fields, and has never been suggested, some observers attempt to discredit the findings by interpreting them in this way.

- The alternatives are not "hard" and "soft" management.
- Job satisfaction and productivity may in fact be independent of each other. Recent research is contradictory on this point.

The Human Relations fields suggest some promising new approaches, some useful guideposts--but there is no coherent set of principles as yet.

The Significance of Interdependence -- A Starting Point

The dilemma of authority is dependence.

The price of specialization is interdependence or mutual dependence in organization.

- a. Upward
- b. Downward
- c. Laterally

IV. The Requirements of Interdependent Relationships

If we accept the significance of interdependence, we must then ask how does management fulfill its responsibility for achieving organizational goals through people. Recognizing that reliance on authority is not an entirely satisfactory alternative, that it is self-defeating in many respects, what seems to be the most helpful course? Three major conditions seem necessary -- we will mention them and then develop each in turn.

1. Confidence on the part of people in their leadership -- in their supervisors in the organization.
2. Confidence on the part of managers and supervisors in those they supervise.
3. The integration of the goals of the parties to the relationship.

Confidence in Leadership and Supervision -- in Leader and Supervisor

This condition is best described as a feeling that whatever happens we can count on the fairest possible break from the leader-supervisor. Rensis Likert's findings at the University of Michigan that employee-centered supervision is more effective than production oriented supervision is essentially consistent with this point of view.

The "fairest possible break" is an alternative to security. It is contingent, among other things, on the leader-supervisor's upward influence. This is significant. If the leader-supervisor has little or no influence upward in the organization, it is likely that he will have little influence on those he supervises. He can contribute little to the "fair break" desired by the supervised. We want security when threatened; we want a fair break when we have confidence.

Confidence Downward -- The Supervisor's Confidence in Those He Supervises

This is represented as a positive, optimistic attitude toward the potential represented by the people he supervises.

- a. A belief in their capacity for growth and development, their ability to learn and to learn to take responsibility, in the existence of know-how, ingenuity, and creativity among so-called average human beings.
- b. On the other hand, this concept of confidence would reject ideas that people generally are stupid, lazy, irresponsible, dishonest, or antagonistic, but also would accept the fact that some people are lazy and dishonest.

A second attitudinal characteristic is the supervisor's acceptance of his own dependence.

- a. This would be evidenced in the clear delegation of responsibility.
 - 1) It would also be evidenced in "general" as against "close" supervision or "management by objectives and self-control" rather than management by control.
- b. The belief that the supervised can exercise effective self-control in terms of organization objectives.
- c. The release of potential rather than the exercise of control -- management by objectives in fact.
- d. Positive handling of mistakes. Mistakes are made, to be sure. Do we only "chew out" a person or do we use it to help him get a better idea of what is expected of him.

Integration

In recent writing in this field a great deal of stress has been placed on the idea of integration. This principle points up the fact that a relationship of mutual confidence does not in itself generate effort toward organizational objectives.

The key to this dilemma lies in the meaning of the concept of integration. If the manager can create conditions such that his co-workers perceive that they will satisfy their own needs and achieve their own purposes best by working toward organizational objectives, he has

achieved the necessary integration. Human beings are not by nature antagonistic or passive with respect to organizational objectives. When they reveal these attitudes, it is usually because the conditions of organization have created them. When, on the other hand, they are committed to organizational objectives and are enthusiastic in their efforts to achieve them, it is because they perceive this as the best way to achieve their own ends.

Some Requirements of Integration

The successful manager or leader tends to recognize the importance of the needs of the individual for self-actualization or self-realization. Opportunities for growth, for assuming responsibility, for solving problems, for new learning, for status and recognition within the social group, and for becoming what one is capable of becoming are powerful human incentives. They are the more powerful as the standard of living rises and biological needs are reasonably satisfied through more adequate economic rewards. Under such conditions, effective delegation, emphasis on self-control, and participative management offer challenging motivational opportunities.

In seeking integration, leadership might well rely on joint consideration of problems and objectives rather than on unilateral influences. Recognizing the interdependent character of relationships, we will be less concerned with exercising power than with finding mutually satisfactory solutions to the problems that arise. This does not mean lowering standards of performance or minimizing organizational needs. As Mary Parker Follett pointed out vividly in her writings a quarter century ago, the problem is one of finding a resolution of the conflicting needs, not a compromise between them or a suppression of one in favor of the other. This involves a recognition of the legitimacy of the co-workers' and cooperators' needs. It involves also a search for ways to further their satisfaction and to serve organizational objectives at the same time.

V. Conditions For Effective Organizational Leadership

The Necessity for Confidence

We need to sum up the implications of what has been said in a few meaningful statements. What are the conditions of mutual confidence, we may ask.

An atmosphere of approval - of mutual acceptance.
Knowledge of things that affect me:

- a. Overall policy, philosophy
- b. Procedures, rules, regulations
- c. Duties, responsibilities
- d. Personalities in the equation
- e. About my performance and my organization's performance and contributions
- f. Changes that affect us and me

Consistent discipline -- consistently fair ways of handling mistakes.

It involves also a clear recognition of the nature of the interdependence created through specialization. This in turn involves:

an understanding of the importance of participation in the management process

the acceptance of responsibility for furthering the organization's ends as well as our own, and

the necessity of keeping the channels of communication open.

LOGISTICS FOR TASK FORCES IN RURAL DEVELOPMENT ACTION

Dr. Karl Brandt

Highlights of Address

1. The Council of Economic Advisers has supported the Rural Development Program from the start, and views it as a constructive effort at tackling the persistent social and economic problems of a large segment of our population, and at developing these neglected human resources in the non-urban areas.
2. Scattered retardation of economic growth is not unique to the American economy but a by-product of the changes connected with increasing levels of income and consumption in all developed countries. Its chief symptoms are poverty, poor health, poor stock and tools, low productivity, and low levels of education, all cumulative.
3. The Rural Development Program is distinguished by its method of harnessing the initiative, the spirit, and the abilities of individuals and communities in their own interest by advice and help from all participating Federal, State, and local agencies. Thereby, the otherwise inevitable creation of an additional large government agency and its cost are avoided.
4. With the American economy in a new phase of strong expansion, the economic climate is favorable for energetic action now. In several years of pilot programs, a corps of workers has been trained in many States. A basis has thus been laid for cooperation among public agencies and other groups at all levels.
5. The program must concentrate more and more on channeling under-employed rural manpower into nonagricultural activities, for that is where the best opportunities for expansion will exist. Better labor market information and an improved and redirected vocational education and training program are essential to this end.
6. Continued strong leadership and an improved esprit de corps at all levels are needed if the program is to gain enough momentum to carry it through to a broad success.
7. This will require the full-time service of a coordinating agent in Washington, D. C., who calls into action the cooperating departments and agencies of the Federal Government and simultaneously the State or area committees.
8. The Council of Economic Advisers has great confidence in continued real growth of the U. S. economy to which the Rural Development Program can--with appropriate action now--contribute a great deal.

LOGISTICS FOR TASK FORCES IN RURAL DEVELOPMENT ACTION

Dr. Karl Brandt, Member
President's Council of Economic Advisers

For many years I have watched the gradual unfolding of the Rural Development Program, as an interested average citizen who witnessed and studied the Resettlement Administration efforts, the TVA's early beginning, and a variety of other attempts at tackling vexing rural problems. Last November, I became an ex-officio member of Secretary Morse's Inter-departmental Rural Development Committee, and since then have begun to look at the action from the inside--so to speak.

I feel greatly honored by the privilege of joining in this important Workshop which is another milestone along the stony road of accelerated rural development.

But as a novice among you, I plead innocent by virtue of far less knowledge about what you are doing than I should like to have. Yet, I may say, that while I sense the wonderful spirit of harmony here, one thing that puzzles me a little is the unusual extent of agreement, and perhaps a little too much pleasantry in appraising what is going on. This I do not say with any malice; but somehow, I believe, that in this Workshop someone must stick a sounding knife into some of the different activities and try to bring out some constructive criticism.

The Council of Economic Advisers has supported the Rural Development Program from its very beginning. My two colleagues on the Council and I continue to follow its progress with a warm interest and anticipate that it will contribute substantially to the economic growth and stability of the nation by mobilizing the last great reserves of human resources; namely, those in the low-income rural areas. One of the Council's staff members, Dr. John Schnittker, who was already working with my predecessor, Dr. Joseph S. Davis, on Rural Development affairs will participate in your deliberations to the end.

To me, it marked a most fortunate, imaginative, and inspiring beginning when the President inaugurated in 1955, at the recommendation of Secretary Benson and with the concurrence of the other members of his Cabinet, this new approach to the problem how to improve the conditions of life and work of the families in many rural communities. It impressed me as especially fortunate because it came to grips with the economic situation of that part of the farm population whose level of income and living is either only slightly, if at all, improved by the costly and self-defeating price support policy, or is affected adversely. This Rural

Development Program does not concern commodity affairs but the tenacious social and economic problems and human affairs of several million non-urban people in need of constructive help. It does not revolve around the performance and income of the business of commercial farm enterprises but has as its center the development of neglected human resources in areas which the industrial uplift of the nation left somehow untouched. The people of whose welfare we speak are not all small farmers or farm workers, but many belong to all sorts of crafts and service professions.

During the four years since the start of the program, the need for action has become more pressing. Since then, the economy of the United States and other industrial countries has passed through a phase of extraordinary further expansion of business. The veritable boom of 1956 and 1957, which followed first by a short but sharp whiplash recession, and since April 1958 by a new phase of prosperity, increased the differential between the rural low income areas and the fast developing parts of the country.

The Rural Development Program as it was conceived from the outset is distinguished not only by its objectives, but also by its philosophy and its procedures, which are anchored in the dominant human and social values of western societies and government by law. It carefully avoids quick short-cut solutions out of respect for these values.

In the attempt to see the objectives of the program in proper perspective as to time, type of needed change, and scope, we do well to remind ourselves that problems of retardation of economic development in rural areas of economic stagnation or deterioration are far from being specifically or uniquely American. Indeed, while they pervade all underdeveloped countries, they are also typical to a limited extent of all industrially advanced and developed countries. The European Continent, with an area one-seventh smaller than the United States and more than 600,000,000 people, is industrially older and in its western part highly advanced. It was for generations and still is beset with all of these problems today.

It means something to me also that in this country the areas in which this problem of pockets of retardation is so persistent and urgent are those which were settled earliest. In European countries, as in ours, the economic scene is dominated by dynamic change in expanding urban communities as well as in commercial agriculture, by increasing productivity of labor, rising incomes and levels of living, and rapid formation of capital. With these dynamic changes increasing opportunity offers itself for social mobility and diminution of poverty.

This changing scene is most visible and obtrusive in every form of rising levels of consumption, conspicuous gains in wealth, and in many forms of increasing social security. But it is inherent in this process of economic

development also, that the entire plane of working and living, the entire economic geography, does not rise simultaneously or equally.

The secret of this remarkable achievement of rapid economic growth lies in the selective advancement of individuals, groups, enterprises, and communities by innovation--one thousand and one improvements in the use of natural and man-made resources and labor.

It is a self-generated process of individual initiative, ignition of initiative or original action of others, local starts, of acceleration, and agglomeration of change. Once this dynamic process of economic expansion has the proper institutional setting and social "climate" and gets on its way, it tends to be cumulative and continually self-generating, provided it is not suffocated by ill-advised action and counteraction from the political sphere, monopolistic abuse of economic power, or one-sided overexpansion. It is inherent in this market- or free-enterprise economy that its prime moving power is totally decentralized and hence has infinite leeway for differentiation and variety of economic development.

Indeed, it is the almost inevitable by-product of successful development in general that the enormous changes involved in economic progress lead to a differential between communities, counties, and larger areas. There appear in the geography, pockets of lagging development, or of stagnation, areas of low income and a dearth of opportunities for better employment. It seems also inevitable that there will be ghost towns somewhere. However, ghost towns, which the people left for compelling economic reasons, are no concern of the Rural Development Program, because it deals with the Pursuit of Happiness of people, not with conservation of historical sites of habitation.

We are not interested in doing what the Soviet governments do, which is merely to multiply the output of materials or develop resources for ends of aggrandizement of power of the state at the expense of the welfare of the citizen and civilian consumer. We are dealing primarily with human resources and human problems which are inseparable parts and parcels of the whole economic performance and the normal growth of the nation.

Therefore, it is definitely neither our right nor our duty to grab everybody and make them 100 percent efficient. If there are people who want to live in some sort of retirement and do not depend on the whole nation for their support, we owe it to our respect for freedom to leave them as, and where they are. Exactly, because our economy is built upon freedom and persuasion, but not on coercion, it is so incomparably more productive than a slave economy that we can afford to leave the recluses in peace. We have no right to grab somebody and tell him he has to work, so long as he is willing to find his own niche. If we grant this, the scope of the Rural

Development task is reduced somewhat, though only to a moderate degree. It must be realized, though, that even with this important recognition of individual freedom there is frequently the problem of opportunities for the children to develop their own talents and to compete with others for a better livelihood.

Although the contributory causes vary greatly from place to place, the situation resulting from retarded rural development has internationally typical symptoms of comparative poverty, such as dilapidated housing, poor sanitary conditions and poor health, obsolete equipment and tools, poor crops and stock. While these phenomena may not bother the materialistic coercive society of the power state, our democracy can ill afford to be calloused to the gross inequities involved in many cases, to say the least, for the young people in such blighted or dormant areas, but often enough for all of us. That such areas of stagnant poverty have often high rates of illiteracy indicates that something is definitely wrong with the performance of the society as a whole. Illiteracy defeats democracy before it can begin.

Our political representation of the people and competition among the States keeps the conscience of the body politic continually aware of the obligation for remedial action. But the greatest difference between the totalitarian and the free society with reference to the Rural Development Program concerns the choice of procedure for improvement. Our country has a generation of accrued experience in tackling such problems, and has learned a great deal from it.

As you come to Washington today and compare what you found 20 or 25 years ago with what is going on now, you notice in the councils of Government dealing with action in rural areas, a much greater experience and far advanced maturity. So, I am satisfied that we are gradually making some headway.

Today it is generally recognized that attempting shortcuts and quasi-military procedures for assigning the entire action to a special agency of the Federal Government is immensely costly and due to its impact on the Federal budget, an inflationary move. Worst of all, it is self-defeating because it inevitably violates the principle that spontaneous decentralized local initiative can do far better justice to the needs and capacities of the rural people than bureaucratic machinery. More of a decentralized action promises to let the people earn better incomes as self-respecting citizens so that soon they will no longer be dependent on such support.

Since the problem is universal in nature, it is extremely important that we prove to other nations as well as to ourselves the practicability of the democratic approach. To be sure, this procedure is far more ambitious in its goal and far more complicated than the streamlined command chart

of totalitarian states which draft people to do public works. Therefore, the Rural Development approach our Government has chosen requires not less initiative and drive but a multiple of it. Because there is no standing arrangement for all areas, one has to work out the solution in specific details for each area. It must be tailored to the specific circumstances which vary infinitely, as well as to the particular people so that they will be able to help themselves with minimum assistance from other people and government. Only the empirical, intensive method with persistent action in depth promises satisfactory results; broad sweeping generalizations won't do.

What then are some of the points of logistics for action as I see them? I have responded to the request to speak here with the greatest hesitation. Therefore, I trust that you who have so much more experience in these matters, will take what I shall outline here as nothing more than points of challenge for your discussion.

First, the time is ripe for energetic action now. The four years of pilot experience must be used on the broadest front. I have friends in Washington who ask: "Why do you feel like that? Why don't we have time?" It is true that these problems are timeless. They will be with us 30 or 60 years hence. Yet I do not share the feeling that therefore we have endless time for action. The American economy is in a phase of strong expansion again, with increasing employment. This is uniquely favorable for the needed action to improve Rural Development areas. We expect a Gross National Product which will approach the 500 billion dollar mark around the end of the year or early in 1960, and sustained energetic growth thereafter.

The preliminary pilot county phase of 3 or 4 years under the Rural Development Program has laid a broad foundation for action now. Without such action, the present phase of expansion of the total economy may leave the needy communities in relatively worse shape than during the recession. Therefore, the program should not only be expanded in area but should set forth for 1959 and 1960, specific, limited, attainable State and local goals, and target dates and deadlines.

Second, while it may be assumed that in the past few years the general nature of the causes of retarded development has been surveyed in all the pilot counties, it nevertheless remains necessary to bring the specific local or area analysis up to date and to obtain necessary additional details by fact-finding committees. I believe that our economy moves so fast that data which were correct two years ago may be obsolete and misleading.

To avoid duplication and waste, close cooperation should prevail among the Departments of Labor, Commerce, Health, Education, and Welfare, Interior, and Agriculture, the Small Business Administration, and the appropriate State agencies.

Specific information is needed concerning age, sex, skills, employability, location, mobility, and preferences of those seeking additional employment. All this fact-finding must be confined to the speedy use of the information. What is needed in action is not more duplication of statistics, or learned memoranda and monographs resting on shelves of offices, but compact up-to-date useful tools for action.

Third, simultaneous with this sort of applied fact-finding, the task forces for action within a county or larger areas ought to shape their own strategy and tactics. Since the action can gain momentum only if all civic groups and the hard core of the civic-minded, public-opinion-forming citizens can be drawn into service, each task force should include recognized leaders of such groups. I realize I am "storming open doors," because the discussion yesterday showed that at least in some areas a great deal of this has gone on. In order to guarantee continuity of action and to have necessary administrative facilities, such a task force might best have its headquarters in the Federal-State Agricultural Extension Service. It is present in every one of the 3,200 counties of the United States. But the Extension Service, in my way of thinking, might best serve but should not administer the program.

Fourth, the task forces will have to put the emphasis of their thoughts and actions more and more on the utilization of under-employed manpower in non-agricultural activities. Only by the utmost utilization of these opportunities can the remaining agricultural base of manpower become more productive and earn an equitable income. The non-agricultural types of gainful employment are far more numerous than is obvious. Nothing is a greater distortion of the truth than the all-too-popular assertion that in this country all business is drifting inevitably into the growth of a few giant, specialized corporations. We have an enormous continual growth of small and medium units for the production and processing of goods, but far more in the service fields.

As the national economy grows, more and more services are purchased by the consumer. Hence Rural Development must envisage the full range of all such transfers of labor from agriculture into other opportunities in industries large and small, all trade and commercial activities, all services including transportation, serving of meals, tourists' and vacationers' accommodations, services for recreation and sports, as well as professional services for education, health, and entertainment. Only if all these avenues toward better income are known as potentially open,

can low incomes in the agriculture of those areas also be lifted. The agricultural part of rural development can deal only with the residual part of the problem. This is the reason why the Extension Service is not capable of solving even a major part of it.

On the farm, basically three ways are open for increasing income:

- a. Intensification -- higher yields; shifting to higher priced crops and animals, to horticultural crops, or the purchase of more feed and fertilizer.
- b. Using the farm as a part-time enterprise and earning additional income in off-farm work as contractor or employee.
- c. Enlargement of the farm unit with either the same intensity of operation or a lower intensity by shifting to grazing or forestry.

Only choice (a) is confined to the farm, but it depends to a large extent on marketing. Choices (b) and (c) depend primarily on the transfer of labor to non-agricultural enterprises first. Hence I sum up my point (4) by saying that the major part of the Rural Development job cannot be done by the Agricultural Extension Service, but requires at least advisory assistance and action on non-agricultural employment by other private persons and other public agencies.

Fifth, if this be true, and I present it here for challenge, then the hub of the entire Rural Development Program is the mobility of the under-employed people in the rural areas. Such mobility presupposes their willingness, ability, and desire to search for and to avail themselves of better income opportunities. It presupposes also their knowledge of such opportunities and their acquisition of the skills needed. We have at present the joint problem of job openings that cannot be filled and unemployment that persists. Jobs and jobseekers do not meet and match immediately and automatically.

To remedy this situation requires psychological preparation and conditioning of the people by all means of communication available, the most powerful of which is still personal address by competent and respected local leaders. It requires a far more imaginative employment service that reaches the people on the farm. I believe that private business will have to do a major part of the job with the assistance and cooperation of our task force.

More mobility requires an overhauling, remodeling, and rehabilitation of the entire system of vocational training in the rural districts, part of

which is underway. I believe that a critical survey of the existing system of vocational training by one of the great foundations would do our Rural Development Program a lot of good. This is best done by an agency that is not involved in it and goes at it with a fresh mind. The Congress has given its support to agricultural training, but it is obvious that increasingly one needs training and education that will speed the transfer of excess manpower out of agriculture, not hold it there.

Education, in general, encourages mobility. Graduates from high school are much less given to passive acceptance of unemployment and underemployment than the fellows who quit when they are halfway through high school, or those who never entered it.

Sixth, in addition to greater mobility and adaptability of the underemployed people themselves, we also need mobility of established and new industrial and commercial enterprises in choosing the location of plants. If, as one says in Europe, "The mountain doesn't come to Mahomet, Mahomet must go to the mountain." In our industrial society with its dynamic growth, mountains do also move; industrial enterprises do seek new locations. This is ideal from almost any point of view, but it requires the active cooperation and invitation by the area, as much as the initiative of industry. Here again, the task force for Rural Development action can do wonders by advertising the attraction and the knowledge about the labor supply and other resources. Now mind you, I am aware that a good deal is being done. But still I believe there are many areas that don't do enough about it.

There are warning examples from some areas that new medium-sized companies were driven out by unreasonable demands and adverse administrative actions of local authorities. Those demands came partly from labor unions, and they killed exactly that amount of additional employment that could have come into the area.

One way of getting new small and medium-sized industries attracted to or established in rural areas is the formation of area development corporations. For this, the Department of Commerce and the Small Business Administration can give effective assistance and guidance.

Seventh, if the program shall not limp along for years and fade out from an excess of good intentions and discussions, but too little sense of urgency and determined will for action, then the democratic forces must be brought into play to put the necessary esprit de corps behind the program and to give it the momentum which alone will guarantee a high degree of success. This is a most serious problem in all democracies. The power state uses brute force and intimidation as the stick and medals and rewards as the carrot. Our free society depends for social action on

the positive emotions of the people. The sense of public duty, the local pride of the people, their sense of fair play and ideal competition among States and communities, the enjoyment of competing with others, and public if not nationwide acceptance and recognition of leadership and civic achievement -- these are some of the vectors that must be brought into action. This calls for civic leadership in each development area and full information of the public.

Eighth, since the rural development work calls for the service and assistance of several departments and special agencies of the Federal Government at the Federal and State levels and of State and County agencies, it is evident that one needs in Washington at a fairly high level a personality that acts as a catalyst for action on a horizontal level among the Federal agencies in Washington, and on a vertical level from Washington to the States and the area task forces. Such liaison and coordinating officer under Mr. Morse could act as an ignition system for the decisive action for 1959 and 1960 that I have in mind.

In speaking about the eighth point, which I rate as perhaps the most decisive addition to what has already been built under the auspices of Mr. Morse's Committee so far, I do so with great hesitation.

Let me end my remarks with a few general observations. It is certainly true that the policy issues posed by retarded economic development of rural areas and under discussion at the Workshop are universal, tenacious, and almost timeless. I hold it to be an error to assume that such complex social problems as Rural Development can be "solved," as you solve technical problems. We have to face these problems, tackle them and make some progress, but we must realize also that while we cope with it, the problem itself changes in nature.

Yet it is equally true that once you initiate within our political economy a program of action to cope with such problems, then you must deliver the goods or have your action judged as a failure by the body politic. Therefore, it seems a grievous error to conclude that because we are dealing with an eternal problem we have endless time.

On the contrary, I believe that not too much time is left to straighten out the logistics and the specific docket of local task force targets and deadlines. By the end of this year each rural development area should have its own task force, not only committed, but active on the job of setting its own targets and deadlines. If this is done, the Rural Development Program may very well turn out to have the most constructive action of this Administration achieved with the least expense.

The President's Council of Economic Advisers has great confidence in the resumption of rapid, sustained, and real economic growth. All the foundations for such renewed growth are laid. In the course of such growth, the large reserves of the underemployed labor force of the retarded areas are needed. But they will have increasing competition from the bulging new entries into the labor force from the urban areas. Therefore, much depends on the result of this Workshop, which ought to condense the experience of the pilot counties into a set of major directives for well oriented and accelerated action.

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OPPORTUNITIES FOR ECONOMIC DEVELOPMENT WITHIN AGRICULTURE IN RURAL AREAS OF UNDER-EMPLOYMENT

H. B. James

Highlights of Address

1. All segments of agriculture--farmers, retail supply dealers, manufacturers, processors, marketing firms and others--all must be efficient if farmers in a given region are to hold their markets and prosper.
2. Three related reasons explain continued low income in some areas, says Dr. James: (1) low incomes by choice, (2) inadequate resources and (3) poor use of resources.
3. The speaker adds: "The solution to the rural community low income problem depends on, not one, but an effective combination of 4 things: namely (1) out migration, (2) inward movement of capital for industrial and/or agricultural improvement, (3) other improvements in resource use and (4) information to provide incentive to change individual preference patterns to be consistent with the goals of society."
4. The small amount of land and capital on most farms seriously hampers farms in low-income areas. Another major problem is getting established on a commercial scale. Three families, each with net worth of less than \$7,000 in 1953, were extended credit and technical advice needed to establish and operate 3 different types of farms. The increased investment by each family is now approaching \$50,000. These families are far from debt-free, says Dr. James, but their progress indicates the need for new thinking on agricultural finance. "This pattern of development, with relatively large outlays of capital, will be the direction many of our low income families will have to take if they are to materially improve their income situation," declares Dr. James.
5. In the Parker Branch research project, North Carolina, "we tried to reorganize all farms within this watershed" to make them more efficient. "Total net farm incomes in this area have increased about 360% within the past 3 years. The potential increase amounts to about 510% over a 5-year period."

6. The economist emphasizes the need for area development programs ... "attacking on a scale large enough to integrate the production and marketing sectors of a given region." He cites Bertie county, North Carolina, where farmers and businessmen, in one year's time and on their first try, developed plans to produce and market 283 truckloads of watermelons and 30,000 bushels of sweet potatoes. This was the first time these crops had been grown commercially on these farms. Small scale specialties do not add appreciably to farm incomes, he adds. It takes larger volume of production plus all the efficiencies attainable to do the job.

7. As for public policy for low-income areas, it "must create a framework within which adjustment is encouraged in low income areas."

OPPORTUNITIES FOR ECONOMIC DEVELOPMENT WITHIN AGRICULTURE IN RURAL AREAS OF UNDER-EMPLOYMENT

H. B. James
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Agriculture today is different from what it was yesterday. Tomorrow it will be different from what it is today. Our period of time is characterized by rapid change. The future was never so near as it is at present. The tremendous efforts by producers to attain greater efficiency in production are resulting in a much larger volume of business on many farms. Many farmers are resorting to specialization to make better use of highly specialized equipment so as to attain lower cost per unit of production. Area diversification and farm specialization are compatible and are increasingly important to modern farming and to agribusiness.

Competition between agricultural regions is keen. The ability of a region to compete in the market place depends as much on the level of efficiency attained in the supply and service industries, and in the industries processing and merchandising the products, as it does on efficiency at the farm level. It is not enough to be efficient on the farms--the farm machinery manufacturer and dealer must be efficient, the processing and marketing firms must be efficient--in fact, all segments of agriculture must be efficient if farmers in a given region are to hold their markets and prosper in the long run.

Vertical integration is an effort on the part of management to attain greater efficiency in all segments of agricultural production and marketing. Integration permits the concentration of more of the productive factors under one management unit to attain the economies and efficiency associated with large volume business.

The marketing of agricultural products has changed rapidly in recent years and continues to change. Many of our products now move through a national network or web of markets that serve consumers throughout the nation. New Machines, new technology, and large capital investments mean that volume of business is becoming increasingly important in attaining greater efficiency in processing and marketing.

A much larger percentage of our food products is being handled by large national chains. To get our products into these markets we must be able to produce a large volume of high quality products and we must provide a dependable supply. The efficient market now deals with truck loads or carloads of products and not with small individual lots.

The Development of Low Income Communities

Change takes place at an uneven rate geographically and over time. The low incomes characteristic of large areas of our country have not been the result of degeneration and retrogression in these areas. Rather, many communities, and to some extent whole regions, are poor because they have failed to make progress at a rate equal to other segments of our society. Today the level of living is at a record high in these communities, but still these regions lag behind the prosperity attained elsewhere because of the slower rate of change.

This failure to keep pace with more prosperous areas stems from several sources. An explanation of the development of low income communities varies widely depending on the community and the region. The hill areas of the South were settled early, were relatively isolated, and soon developed into areas of small subsistence farmers. Other areas of the South were strongly influenced by slavery, the one-crop system of cotton farming, and the lack of industry, all of which affected the attitude of the ruling class toward social, political, and economic change and development. In some cases, changes in technology have swung the pendulum of comparative advantage from one section to another. This is exemplified by the difficulty of concentrating large crop acreages in the South to take advantage of modern machinery as is done in the Midwest.

A second factor contributing to income differentials has been the rapid increase in industrial development in one section of the country compared with another. Industrial progress that provides favorable employment opportunities for the farm labor force is conducive to economic prosperity. Low income communities often result where these opportunities fail to exist.

The attitude toward change in different cultural environments has also contributed to the development of low income communities. As technology and economic conditions change, farmers must adjust production and marketing conditions to take advantage of these changes. Conditions have never changed so rapidly as at present. This is

probably the first period in our history in which a young man can no longer make a good living by following in his father's footsteps. Where change doesn't occur, poverty develops.

Reasons For Low Incomes ^{1/}

The reasons for perpetuation of low income areas may be many, but I shall discuss them under three main heads; (1) low incomes by choice, (2) inadequate resources, and (3) poor use of resources.

Low Income by Choice. Some people do not want to use their resources in such a way as to create more income. This is sometimes referred to as the preference problem. In other words, with their knowledge and experience they prefer something else more than higher incomes. Preference patterns depend on many things, but decisions are usually dependent upon the information one has at his disposal and his ability to make effective use of it. By providing better information we may be able to change the wants of people in low-income areas and thereby encourage them to be more productive.

Inadequate Resources. Many farm families do not own or have command of sufficient resources to enable them to earn an adequate income even if their resources, including their own labor, are employed in the most productive uses. This problem is not unique to agriculture but may exist in all segments of the economy. Where this problem exists it is sometimes referred to as the poverty or welfare problem. This problem cannot be solved without welfare grants or income transfers to the poverty stricken.

Poor Use of Resources. A third reason for low incomes is poor use of resources owned by low income families. Individuals may be able bodied, and quite capable of performing normal work, but may not be using their labor effectively and in the most productive uses. They may own sufficient land and other capital goods to provide an adequate family income if properly used.

These three factors are related and anything we do to improve one will likely affect the other two. Most of my comments, however, will be related to resource use and to acquiring additional resources, but will not be completely unrelated to preference patterns.

1/ For a more detailed discussion of this topic see, Effects of Alternative Public Policies on the Small Farm Problem, by Charles E. Bishop, Increasing Understanding of Public Problems and Policies, Farm Foundation, 1956.

Four Broad Solutions

The solution to the rural community low income problem depends on, not one, but an effective combination of four things; namely, (1) out migration, (2) the inward movement of capital for industrial development and/or agricultural improvement, (3) other improvements in resource use, and (4) information to provide incentive to change individual preference patterns to be consistent with the goals of society.

I should like to reemphasize that all four of these things are necessary to solve the rural community low income problem. However, in line with my assignment I shall confine my remarks to opportunities within agriculture which deal with only part of 2 and 3 above.

Opportunities Within Agriculture

The dynamic changes motivating agriculture are creating new opportunities and at the same time closing the door on others. A technical innovation that increases efficiency today is obsolete tomorrow. If there is to be improvement in the development of our low income rural areas there must be a realignment of the factors restricting our progress.

Adjustment opportunities in agriculture are not realized because of (1) lack of knowledge regarding these opportunities, (2) limitations on the amount of resources available to farmers, and (3) poor management.

One of the most serious problems on farms in low-income areas is the small amount of land and capital on these farms. In 1957, North Carolina coastal plain tobacco-cotton farms had 36 acres of harvested cropland and \$22,650 invested in livestock, buildings and equipment. Compare this situation with cash-grain farms in the cornbelt with 193 acres of cropland and over \$100,000 capital invested.

Is it surprising that labor on the North Carolina farm earned a net income of 42 cents an hour while the net return to labor on the cornbelt farm was \$2.11 an hour?

Linear programming studies in Anson County, one of our rural development counties, indicate that there is substantial gain to be realized from increased capitalization on farms. For example, an

additional dollar of development capital would be worth 33 cents annually on a 25-acre farm with 4,846 hours of labor available and a capital restriction of \$5,000.

Many low income farm families not only need to acquire more development capital but need to acquire more land. Research in Anson County, North Carolina, shows that the value of the marginal product of cropland varies up to \$68 per acre on small farms with relatively large amounts of labor. Even on 100-acre farms with only family labor, additional cropland returns \$43 per acre annually. It is obvious that if land can be cash rented or purchased at an annual cost of \$20 per acre, which is the case in some communities, many small farmers could improve their incomes by gaining control of more land.

We have many studies in North Carolina which indicate that much of the labor now on farms can be profitably employed in agriculture if resource reorganization takes place. In one rural development county studied, only 940 workers would need to leave the farm for off-farm jobs if the farms were organized so as to make most efficient use of the resources available. The capital needed to effectuate this program of more efficient use of farmers resources would amount to about \$11 million.^{2/} The resources devoted to labor intensive enterprises in the county would be increased materially.

One of the big problems confronting farmers in low income areas is getting established on a commercial scale of production. Usually, the biggest obstacles are the accumulation of capital and the development of the necessary managerial skills. In North Carolina, we have been experimenting with capital accumulation on three farms since 1953. We were curious to know what would happen to farm families, who had little or no capital resources, if they had access to all the credit they needed. Also, we were curious as to the resources a family would need in order to establish and operate an efficient farm unit.

I believe you will be interested in our experience with these three families. They were typical of many young farm families in low income areas. The net worth of each family was less than \$7,000 in 1953. These families were extended the credit and technical advice necessary to establish and operate farms. Since they acquired

^{2/} D. G. Harwood, A.M.S. thesis dealing with resource use and income potentials in Anson County, North Carolina.

control of these farms the families have developed their respective units into dairy-poultry, livestock-poultry, and tobacco-swine operations with feed crops built around the specialized enterprises. The additional investment on each of these units is now approaching \$50,000.

These families still have a long way to go before they are free of debt, but their progress indicates the need for new thinking in the field of agricultural finance.

During the early period of development on these farms we encountered considerable difficulty with drought, low prices for products produced, high prices for supplies, and many other adverse situations. Most of these difficulties arose at a time when these farmers were trying to change the pattern of resource use, and were making substantial investments with the hope of increasing their income later on.

We have learned much of what to do and what not to do from our experiences with these three units. This pattern of development, with relatively large outlays of capital, will be the direction many of our low income families will have to take if they are to materially improve their income situation.

Another experience which has been most helpful to us in guiding our work in rural development has been the Parker-Branch Research project in Buncombe County, North Carolina. In the Parker-Branch area we attempted to reorganize all farms within a watershed so as to make more efficient use of resources compatible with good land use and the alternative uses for labor available to the farm families. Total net farm incomes in this area have been increased approximately 360% within the last 3 years. The potential increase amounts to approximately 510% over a 5-year period.

Another research study has been completed that shows the effects of various levels of managerial ability on income levels and resource use in one of our low-income areas.^{3/} Poor managers should depend to a greater extent on nonfarm employment. Poor managers tend to stick with the conventional enterprises such as corn and potatoes. Improved management resulted in changes in the kinds of products produced with increased emphasis, livestock and poultry products using relatively large amounts of capital, and yielding relatively high returns per unit of labor.

^{3/} H. S. Singh, "Evaluation of Alternative Income Opportunities for Farm Operators in Macon County, North Carolina," Ph.D. dissertation in Agricultural Economics, N. C. State College, 1959.

Experiments such as these emphasize the need for area development programs. The old problem of which comes first, the market or production, cannot be solved by working from one end alone. The vicious circle must be broken by attacking on a scale large enough to integrate the production and marketing sectors of a given region.

Modern market requirements are so large and the need for uniform flows so great that few individual farmers can hope to meet market conditions. Rather, it is likely to be necessary for many farmers to adjust production at the same time in order to meet market requirements.

In one year's time, farmers and businessmen in Bertie County, North Carolina, were able to develop plans and produce and market 283 truck loads of watermelons and 30,000 bushels of sweet potatoes. This was the first year's effort and was the first time these crops had been produced commercially on these farms. Inherent in the success of this program was the joint effort in developing a market and encouraging good productive practices.

Our experience indicates that new specialty enterprises alone on a small scale will not add appreciably to farm incomes irrespective of the attention devoted to the new enterprises. It takes increased volume of production coupled with all the efficiencies attainable to do the job. Volume which usually requires larger, more specialized farms; volume with increased investments and livestock buildings and equipment; volume with lower cost per unit produced; volume so that efficient markets can be developed; volume so that supplies for the farmer's use can be handled efficiently. Volume for all of these things is essential for success in an extremely competitive situation.

Once the farm operator reaches a commercial scale of production he is able to afford new innovations. Usually by this time, he has acquired the management knowledge and skills to operate his business efficiently.

As I said earlier, whenever you change the use of a farmer's resources you are going to change his preference pattern and more than likely, change the amount of resources over which he has command. Although it is not too difficult for us to specify conditions under which farm families should operate, it may be virtually impossible for many farm families to attain those conditions. We simply must start with the farm families where we find them, and not where we would like to find them. This means that we must advise many farm families to consider the alternative of accepting non-farm employment and getting

out of farming altogether. For others, it means they must give serious consideration to part-time farming and finding ways of securing part of their income from industrial employment, but for those who stay in agriculture we should do our best to improve their income situation.

Fiddling with a little project here, and a little project there will not solve the problem. The situation should be appraised objectively and farmers should be provided with an honest set of alternatives. They should make the decisions, but they should have better information than they have had in the past on which to base their decisions. They must have considerable help if they are to materially improve their income situation. They cannot pull themselves up by their own bootstraps, else they would have done it long ago. Neither can we expect a handful of county workers to do it. If they had the answers they would have made use of them long ago. If we are to make any real imprint on the rural low income problem, we must have cooperation from all of the agencies and must take the problem seriously.

I would like to conclude my remarks with a few comments on public policies appropriate to solution of the problems confronting low-income rural areas. The public, acting through government, in specifying the rules of the economic game must create a framework within which adjustment is encouraged in low-income areas. We have already pointed out the broad types of adjustments that must be made. Sound agricultural programs will provide encouragement for expansion of farms and for more efficient resource use within agriculture. But an expansion in production of individual farms means that fewer farm families will be needed to supply the food and fiber needs of the nation. Hence, public policy must provide for over-all economic development whereby surplus labor in agriculture can be employed in non-farm jobs if the low-income problem in agriculture is to be removed. We need to give much more study to the employment potential of agriculture and to ways of facilitating the transfer of resources between the farm and non-farm sectors of our economy.

We also need to develop policies to facilitate reorganization of resource use in agriculture. In particular, more attention should be given to the development of bold and imaginative credit programs to facilitate adjustment. Also, we need to devote more attention to managerial problems and organizational problems to enable our farmers to make better resource use decisions.

We have an agriculture that is highly productive. Our food and fiber problems in this country are largely problems of abundance. Our agricultural productivity is the envy of much of the world. We cannot afford to have large areas of our agriculture left behind in our move ahead. I am confident that we can and that we will find ways of helping people in these areas to participate in the stream of economic and social progress characteristic of the rest of our economy.

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OPPORTUNITIES FOR ECONOMIC DEVELOPMENTS OUTSIDE AGRICULTURE IN RURAL AREAS OF UNDER-EMPLOYMENT

Randall T. Klemme

Highlights of Address

1. Rather than bringing in new industry, the speaker urges "that the greatest possibility for any region lies in developing those resources you already have....growth of existing industries." In greater Kansas City area, a Federal Reserve Bank study of large industries employing over 500 people showed that 85% of them had started with 10 employees or less and had grown.
2. Area development begins at the community, grassroots level. A community that first tackles problems at hand and then moves into other programs generally succeeds.
3. From 20 years' observation, "any community that moves forward must first of all have dedicated leadership....the second thing that has to be present in a community that succeeds is unity.....third, in many cases it takes capital to get this job done."
4. "Farmers are not skilled workers," insists Mr. Klemme (underlining his). "I'm talking about farmers you are seeking to reach, not the highly mechanized commercial farmer....We are not saying farmers cannot be trained.....But...you cannot make a direct transfer of farmers into industrial employment.....Let's not be misled by the fact that we have underemployment in agriculture." New industry in an area will hire the garage mechanic or woman store clerk. Farm people then fill these vacancies. "Farmers are not skilled industrial workers, but they can be trained."
5. Especially in areas of chronic agricultural underemployment, about 50¢ of every vocational dollar goes for agriculture and only about 10¢ for trade and industry education. "I do not say that we should water down our programs in training agricultural youth," declares Mr. Klemme, "....but we must train people so that they may find employment in industry. It is either this or moving them out en masse to swell the slum areas where they will find even less opportunity than they did in agriculture. Let's be realistic about this matter of training our human resources."
6. These things are most important, feels Mr. Klemme: "Do not be misled by having a pool of underemployed farm people. If you do have them, remember that they are going to move into this stream of

non-agricultural employment through trade and services first, and then on into industry. Second, reexamine your concepts of vocational education, especially in areas of low agricultural income. And third, remember that in developing local industry you are dealing with a high risk enterprise," often managed by people lacking in managerial skill and capacity who have limited funds.

7. What can a community do? Improve the community attitude toward community development, seek out sources of development funds, and work to seek this industrial employment. Miami, Oklahoma, failed 76 times in attracting industry, but the 77th time contacted B. F. Goodrich which now employs 2,000 people there. A plant on the Arkansas River processes raw material shipped in from Australia.... The challenge: Dedication, Unity, Faith, and Work!

OPPORTUNITIES FOR ECONOMIC DEVELOPMENT OUTSIDE AGRICULTURE IN RURAL AREAS OF UNDER-EMPLOYMENT

Randall T. Klemme
Director, Marketing, Research and Area Development
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First of all, let me say that I am very happy to have this opportunity to be here with you today. As a matter of fact, my first employment after leaving college was with the Extension Division of Iowa State College, when under the old Mount Weather agreement we set up the first County Land Use Planning program.

I have another reason for being glad to be here. I think that in the work agenda of this conference you are touching upon one of the basic and fundamental problems that face this country. The breadth of people that you have brought into this program, and through the efforts of the Inter-Agency Coordinating Committee under the Hon. Under Secretary of Agriculture, you are laying a foundation for a long-term program which cannot help but be another step in raising and improving the level of living of all our people.

Now in order to expedite this program, and because I am a poor reader, I do have remarks here which I will turn over to Mr. Jones and his colleagues, and I will ask that you bear with me if I talk about these problems from notes. As your chairman has said, I will be glad to answer later any questions that you may raise.

First of all, I was not able to hear the entire talk which was given last evening. I did get here in time to hear the questions. I have had a chance to read over the remarks which were made by the speaker last evening. In order to save time, let me first of all stipulate that opportunities outside of agriculture are but one facet of this problem; that there is much that remains to be done within agriculture; and finally, let us stipulate that area development begins at the community level. The best conceived program of national scope, the most effective and efficacious state committee, and the finest county committee by themselves will get nothing done. This program of area development is a grass roots program. It has its generic source in the communities. A state-wide program for low agricultural income groups, the same as a state-wide program of chambers of commerce, is nothing more and is no more effective than the work which is done at

the community level. Let's stipulate these things as a start, and then go from there.

Now, what we are dealing with today is a chronic problem. If in spite of the fine efforts which have been put forth, not only by our agricultural agencies, the agricultural extension service, the farm security administration, the programs of the agricultural experiment stations, the work of the land grant institutions; if in spite of all this, and in spite of the fact that today we are enjoying the highest level of material living for all of our people, and among all segments of our economy, then quite definitely we are talking about a problem that is chronic within the framework of American society.

I think that we can stipulate with Dr. Brandt and with the speaker last night that there is a certain amount of residual apathy in the group with whom we are working. There are some people who simply do not want to be helped. We can admit this to ourselves; I think this would be something which would be well not to admit outside, because in a sense, this places us in a position of sitting and passing judgment upon others of our group. Let us stipulate that there is a certain residual to whom area development is meaningless.

Stipulating these things, then, there still remains the problem of the fact that as the average size of the farm has increased, as we have witnessed the trend towards fewer and larger farms, yet in many of the areas with which we are concerned, areas of chronic agricultural under-employment, the number of small and inefficient farms has remained in an absolute sense, fairly unchanged. Where you find this situation in sufficient concentration, then in these areas you have this problem of low agricultural income.

Now then, part of the program in its initial stage had as one of its hoped-for panaceas the introduction of industries into rural areas. I think that this hope of industrial employment in areas of rural under-employment still remains one of the great possibilities of finding a partial solution to the problem which you are talking about this morning. However, I do think that in the course of the past three years, our attitude on this has changed. In those days there were probably many who felt that the answer to the problem lay in the bringing in to the area some war-based industry, some new industry; and I know of many communities of 2,000-3,000 people that were quite anxious to bring industries in that would employ as high as 1,000 people. Today, I think our approach to this problem is that the greatest possibility for any region lies in developing those resources you already have. This is the growth of existing industries. Every small community does have some industry; it has some employment; and it is the development of what you have that is so extremely important.

I recall some years ago when I was working with the Federal Reserve Bank of Kansas City, we made a study of industrial employment in the Greater Kansas City area. We found that 85% of the large industries, those employing over 500 people, had started with 10 employees or less, and had grown. At the present time my work brings me in very close contact with several metropolitan areas in the Northern Plains. Take, for example, the Twin Cities, the cities of Minneapolis and St. Paul. The growth of manufacturing has continued, because General Mills and Pillsbury and Cargill and Minneapolis Mining and Minneapolis Honeywell and other firms have grown.

Now one of the things that was axiomatic in the Point Four Program, one of the things that is axiomatic in any of our international programs, is that we have to start programs in underdeveloped areas on the basis of where the country is today. I spent, along with Hoyle Southern and some of the others in extension and in agricultural work, a good many years in Pakistan. One of the mistakes that was made out there was to try to start from where people wanted to be rather than to start from where they were.

I think all of you have heard at one time or another -- I certainly recommend it to your film libraries -- "The Hugo Story" which is a story about a small southeastern Oklahoma community that carried on one of the most successful Operation Bootstraps that I know. In the case of those programs that have been successful, we have found that the programs have been predicated upon situations that existed. A community that begins to tackle first of all the problems that it has at hand; the community that starts looking at what it can do to improve its trade area, its agricultural marketing, its agricultural processing, and then moves on from there into other programs, are generally communities that succeed.

Now, one of the reasons that we talk about employment opportunities, or opportunities for development outside of agriculture, is that agriculture itself is part of what we call in this country wealth-creating activity. Wealth creators are those persons who either produce raw materials or process these raw materials into things that you and I can use. Farming is definitely a part of the pattern of wealth creation in this country. So also are the people who work in the mines, and produce coal, lead and zinc. So also are the people who work in the forests, and produce timber products. So also are the people who produce any type of raw material which can be processed into consumer goods.

Wealth creators are those people whom we economists say give form, time, and place utility to goods. They include people who will, say, not only produce cotton, but gin the cotton, compress it, spin it into yarn, weave the yarn into cloth, make the cloth into shirts and dresses and things that you and I use. All of these people are wealth creators.

The rest of us occupy positions in service, trades and professions. We teach schools, we direct marketing research, we work in extension service, we work for the government. We exchange our services for the wealth which these people have created.

Now the important thing is this: in any given area there is a rough balance between wealth creating employment, and service, trade and professions. That is, as you increase in any area the number of farm families, you will, with an appropriate time lag, increase employment among school teachers, doctors, lawyers, people who work in dry cleaning establishments and filling stations. You have a multiplier effect when you increase the number of wealth creators in any area.

Now, in like manner, when you lose wealth creators from an area, you eventually lose the thing which supports employment of people who serve these wealth creators. And as we lost farm families in the southwest in the '30s, we also lost people who had taught school, who had worked in stores, and we no longer attracted young doctors; and we lost the basis for maintaining the economy of the area.

Now, this relationship of employment holds regardless of whether or not the income of an area is high or low. My friends from Oklahoma will forgive me for using this experience, but shortly after World War II, we made studies in two communities that were located on the Red River of the South. One of them is in Tillman County, which is in the southwestern part of Oklahoma. It is a rather rich agricultural area--wheat and cotton and alfalfa. A second area was studied which was in Choctaw County which was over in the cotton belt, and where the level of the farm people of that county was considerably less than it was in Tillman County.

Yet we found this same relationship holding. You take the number of farm families, you take the number that were employed in the cotton gin, and you take the number that were employed in the elevators, and the others who were wealth creators, and they roughly numbered those who were in service, trade and profession.

This relationship holds not on the basis of income, but on the basis of service which must be rendered. The only thing which we could find that distinguished the two communities was in the quality of the merchandise carried in the store, and the diffusion of trade. The higher the level of income, the greater the economic mobility, the more the attraction of larger trade areas further away. One of the inevitable results of increasing agricultural income is to extend the area over which a farm family conducts its trade. And so this balance is maintained.

Now, what we seek, what most communities seek, are industrial pay rolls to take the place of declining employment in the production of raw materials. This word "automation" which we hear so much about is nothing new to agriculture. Automation is simply the application of the principles of science and engineering to the processes of production. And to the extent to which we in Extension and in the Agricultural Experiment Stations have succeeded, we have succeeded in making it possible for each pair of hands to handle more and more acres of land, and to produce more and more products. The same is true in many other lines of raw material production.

Therefore, as employment declines in these areas, the loss is not only that of the wealth creator himself, but eventually in the other segment of economy which exchanges services or serves his needs. Some of this has been obscured for many of us, I think, because the county seat town has continued to hold its population, or maybe even grow. But you have only to travel the countryside of any state, and I am talking about the Middlewest as well as the Southeast, to see what is happening to the small communities. Today many small towns are withering on the vine. Why? Because the trade has moved away and where at the time I was a boy they had three doctors, there is only one old doctor left. Where the furniture stores that served the needs of the farm people around the area had 12 employees, old Mr. Wellemeier and his son run the store alone.

Therefore, we are interested in something which will arrest this out-migration of people from our area. Now, in terms of industrial development, you find one of the most competitive activities that exist in the country today. The Committee for Economic Development recently made a study, and found that there were some 13,000 local, regional and state groups seeking to create or attract industrial employment to their areas. I doubt if you could go a stone's throw from Jackson's Mill without finding industrial development corporations set up by small communities like Weston and Clarksburg. Clarksburg, I am sure, has a very active Chamber of Commerce -- but so do even smaller communities. Everybody is seeking to bring in a General Motors, a Kaiser Aluminum plant, and occasionally this happens. And when this happens this, of course, gives hope to all of the rest.

But I think for most communities the process has to start at a much more fundamental level. Most of our communities are thinking of pie in the sky when they think about these things. Most of them will set up industrial foundations. They will raise hard-earned money from the businessmen and professional people of the community, and they will literally give it away to bring in, say a cut and sew industry, a garment plant. The plant may last, and it may not.

Yet they have within their own community industries which perhaps have growth potential. You go to any industrial areas, and you will find examples of industries that have grown. I won't take time to catalog them here, but as you turn back in your own mind you can see a man who started 40 or 50 years ago, or a man whose father started with an idea, and it has grown.

Now, I would be the first to admit that under the present Federal tax structure it is much more difficult today for small industries to grow than it used to be. It is impossible, out of retained earnings under 52% tax level, for industries to finance themselves from within as it was possible for my grandfather and my father to do. But you have to start from where you are. It is foolish for any community to talk about bringing in outside employment if they are not doing all that needs to be done to assist the industry that they already have.

How well is your community taking care of the marketing of the agricultural products produced in the area? What are you doing about local processing of local agricultural products to meet local markets? What is the situation with respect to the services which your communities can offer? What about schools and recreation? What about water, and fire protection and police protection? What about these things which make good communities better? The start of any program such as this has to start in the development of the community itself.

I realize that there are examples that prove to be the exception, where communities which have very little to offer have attracted outside industries. If you get into this you usually find it is either the proximity of a nearby market, or the presence of some raw material that has brought in the industry.

But generally speaking, for your local groups the starting point is "where are we today?" The process consists not only of identifying your problem, (and believe me, if most small communities identified their problems, they would probably never start a program like this,) most communities have more problems than they have assets or resources, with one exception, and this one exception is that in certain communities you have unity and leadership.

I have watched this program of development for over 20 years, and I think that I can make a very strong generalization that any community that moves forward must first of all have dedicated leadership. I am not saying something to you as agricultural workers that you do not already know. The whole foundation of the extension program is built upon serving the needs of dedicated leaders, and without dedicated leadership, no community can go any place. But even the most

dedicated leadership cannot get very far if he represents but one, and the 99 are moving in the other direction.

So the second thing that has to be present in a community that succeeds is unity. Not unity on everything, of course; this is foolish. But a community that can agree on the fundamentals that it has to have, and then at least you have 1% moving in a positive direction, and the other 99 following. Believe me, that is a pretty good ratio if you can get 99 followers for one leader. Most of us would settle for this any day.

But then, third, there must be resources made available to these people in order to get this job done. We have seen this over and over again. The Ford Foundation and the Rockefeller Foundation, the initial concept of Point Four, was this placing small amounts of seed capital to enable programs to move off of dead center. This, I think, is the foundation for certain legislation which has been introduced in Congress; this is the reason behind the creation of the Small Business Administration, behind the legislation for distressed areas.

It takes not only leadership, it takes not only unity, but in many instances, it takes capital to get this job done.

There are, however, certain inherent problems in this situation about which I would like to caution you. First of all, in a program such as this, one must guard against promising too much and being able to deliver too little. It is an axiom that programs of this type start with great enthusiasm -- and die of apathy. I think that nationally this program has weathered this particular problem, but at the local level it is very necessary that people approach this thing in a knowledgeable manner.

And there are certain things which I would like to say to you this morning which may seem negative, but they are things which I have learned the hard way. The first statement that I want to make is a statement that I made at Fort Smith three years ago, and a statement that I still stand by. Farmers are not skilled workers. I repeat -- farmers are not skilled workers.

Now, let me qualify that very dogmatic statement. I am talking about the farmers that you are seeking to reach. I am not talking about the highly mechanized commercial farmer, because the highly mechanized commercial farmer today is not a skilled worker, either; he is a banker. He has to be. You know, it takes four times as much money today to create a job in agriculture as it does in industry. This is a fact, and it gives me no end of pleasure to go back to irritate my colleagues in agronomy and animal husbandry by saying that what

their students should have been studying was agricultural economics, not about a specialization that they can no longer need. Today you must know how to manage credit if you are going to be a commercial farmer.

Let me come back -- farmers are not skilled workers. We have the statement that every farmer is a shade tree mechanic, and that when anything goes wrong on the farm, he can fix it; perhaps this is true. We are not saying that farmers cannot be trained. As a matter of fact, farm youth can be trained more easily than almost any other group because of the flexibility of situations that they have to meet while growing up on the farm.

But when an industry comes into an area, you cannot make a direct transfer of farmers into industrial employment. I recall a plant that several years ago moved into an agricultural area, and they tried to employ town people. Eventually they sent back to Wichita for workers to man this plant. I think this means one very fundamental thing, and that is that in our program of industrial development, or our seeking of opportunities outside of agriculture, let's not be misled by the fact that we have under-employment in agriculture. This is the progression as I have seen it. An industry moves into an area. The industry, in seeking its labor force, will draw upon those who are presently employed in service and trade and in the sub-professional fields. They'll pick a man from a filling station or from a garage, they'll pick women who are working in stores and establishments of this type. As these positions are vacated, there is an opportunity for the man who is doing, at best, a part time farming job, to step with one foot on the farm, and the other foot into a service or trade job in the community near which he lives.

You want confirmation of this? Look at some of the bulletins that have been prepared by the Experiment Stations of the Southeast. The detailed story of what happened when textile mills came into predominantly agricultural communities shows the workers were drawn from other industries or from trade. Farmers are not skilled industrial workers. Now the statement is completed. Farmers are not skilled industrial workers -- but they can be trained.

This training brings us to a second point. All of us, the Federal agencies and the state agencies alike, need, in my opinion, to re-examine our attitudes towards vocational training. Today, agriculture represents less than 1/8th of the population, while manufacturing today represents some 30%, taking in all of its various aspects of total employment. And yet our expenditures for vocational training, and particularly in

the areas of chronic agricultural under-employment, represent about 50¢ of every vocational dollar for agriculture, and only about 10¢ of every vocational dollar for trade and industry education.

Now let me make very clear what I am saying. I do not say that we should water down our programs in training agricultural youth. Sunday I drove by, as I drive by quite frequently, the place accepted by many as the birthplace of the 4-H Club movement, Clarion, Wright County, Iowa. I am only an honorary, but a very proud honorary Junior Master Farmer. Our training programs for farm youths have set a standard for all other youth programs of this nation and the world.

But I am simply saying that we must face up realistically to the fact that we must train, and particularly in areas of agricultural under-employment, we must train people so that they may find employment in industry. It is either this or moving them out en masse to swell the slum areas where they will find even less opportunity than they did in agriculture. Let's be realistic about this matter of training our human resource.

Let's also be realistic about another matter, and this is the fact that small local industries have a high rate of mortality. The death rate for small local industries is higher than for any other class of enterprise. The failure of industry that starts with great enthusiasm and dies with great agony is one of the most enervating things that can happen in any community in terms of its desire and ability to go ahead.

Small industries have a high mortality, first of all, because they are high risk industries. They serve a very limited market, and anything which happens to supply or to the market can influence them; they have no cushion, no way to balance this.

Second, most people who start small industries are lacking in managerial skill and capacity. We have talked for many years in farm management about managerial ability. The same is true for industry as it is for farming. The small entrepreneur usually -- not always -- but generally, is less efficient than the large.

And third, they possess limited financial sources. This is rather a ubiquitous problem -- you talked about it in agriculture, how do we get proper financing for farming? One of the problems that we are faced with every day is how do we get adequate financing for small industry? The community that has within it those with the ability to finance small industry is usually the community which moves forward. This is why, I think, that the recent steps to set up the small business

industrial development finance corporations is an excellent program. It does give small industry a means of moving from one production plateau to another. In small business it is the same as in agriculture; you don't add acre by acre to a farm, you add a quarter section, you add 80 acres, you add a half section depending upon where you are. The same is true of small business. You don't add item by item; you add production line to production line. Many small industries never can accumulate enough to step from this level where they are just marginal to a level where they actually become profitable.

These are the things which I would say I think are most important.

Do not be misled by having a pool of underemployed farm people. If you do have them, remember that they are going to move into this stream of non-agricultural employment through trade and services first, and then from that point on into industry.

Second, re-examine your concepts of vocational education, particularly in these areas of low agricultural income.

And third, remember that in developing local industry you are dealing with something that is a high risk enterprise. Make sure that everybody knows that the risks are there, and if you do that, then nobody is going to feel hurt if something fails.

Now, what are the things that the local community and the local group can do? Very quickly, and very simply, three things it seems to me:

First, improved community attitude towards community development. In other words, part of this is psychological. Do your communities actually want development, or is it just one or two people? Improving community attitude means understanding. I think that you will find willing people in the urban centers who will join hands with the agricultural agencies and the upper to middle income farm groups in working out a solution. Today agriculture can supply a very important source of additional employment in the communities where industrial expansion is occurring. Improving community attitude means making your community a better place in which to live. Improving community attitude means improving your streets and schools, the consolidation of school districts. It means all of those things where all of us work together to improve the tax structure; the quality of government; the quality of government services; in other words, "making the best better."

Second, seek out sources of development funds. Today this is not too difficult. As Mr. Smith this afternoon will tell you, the Small Business Administration is in a position to work with your local banks in setting up small business industrial development corporations. The Department of Commerce in the Office of Area Development can give you the information of how to go about setting up development funds sources.

And then, third, actively seek this industrial employment. This means giving support to your Chambers of Commerce, to the Lions Club, to whatever group it may be, or incorporating through these organizations an action group that will knowledgeably present to the world what this community has to offer, its strength and its weaknesses.

These are the steps that need to be taken: improving the community, providing revenue or funds, and third, working.

They tell a story of Miami, Oklahoma -- and if you will forgive me for keeping using these Oklahoma illustrations, because this is home -- Miami was faced with a serious situation because the lead and zinc mines were closing down, and unemployment was developing in Picher and Commerce, and these small communities which drain into Miami, and so this local group decided that they had to find another source of employment. They worked on 76 industrial prospects, made trips, called on headquarters of these companies, worked, raised funds; and 76 times they failed. The 77th firm that they contacted was B. F. Goodrich, and today B. F. Goodrich employs nearly 2,000 people in Miami.

Let me give you another example. You don't have to process exclusively the raw materials in your own area. The other day I stood on the banks of the Arkansas River and saw dedicated a plant that produces rare metals. And from where does the raw material come? It is shipped in from Australia. And the jobs which are created in this plant will support teachers, doctors, lawyers, and people in stores, dry cleaning establishments and filling stations.

I think this, then, is the challenge that faces us. Dedication, unity, work, understanding, faith, have carried us to where we are today. It will not fail us if we use the same formula to develop opportunities for agricultural people outside agri culture.

WHERE DO WE GO FROM HERE WITH RURAL AND RESOURCE APPROACHES

David S. Weaver

Highlights of Address

People engaged in Rural Development work need a clear understanding of the challenge, philosophy and the glory that motivates us in Rural Development.

A short review of the past 20 years and predictions for the next 20 years:

Events since 1939 were dramatic, wonderful, and significant; but those to come over the next two decades will be even more stupendous; and herein lies the challenge. Some of the changing events enumerated included:

The grimness of a world depression that was followed by World War II.

Scientific truths along with technological advances were among America's innovations.

The "Mad Man" of Europe took over; Japan ravished China, bombed Pearl Harbor on the "Day of Infamy," that woke up the "sleeping giant," Uncle Sam.

We built the greatest war machine of all time; the Lion of Britain roared out his "Blood, sweat, and tears" cry so prophetic it steadied a shaking world; American boys stormed the Normandy beaches with "Ike," and helped McArthur return to the Phillipines; American farmers stepped up production; Victory on VJ Day in Europe was followed by atomic bombs over Japan that unleashed the Great Force that yet remains unanswered whether it's to be a blessing or a curse...

United Nations, a babe emerging from the holocaust of war, although well meaning has yet to grow into manhood and influence.

Population that is increasing faster than anyone ever predicted is causing intensive study, planning, and great outlay of funds for housing, education and employment; labor unions grow more powerful; the jet-age that came almost overnight, and now ballistic missiles, rockets, sputniks and what have you.

Aid to foreign countries, who believe like America, that communism must be stopped, whether in Korea or Iraq, has put added burdens on an already heavily taxed America; government programs to aid farmers, the aged, as well as public services have helped to keep a growing labor force busy; atomic submarines sailing under the North Pole, create no more excitement than the launching of a life carrying satellite that beep, beeps in outer space....all these and more have happened in the lifespan of an average agency worker. What does it mean to you engaged in Rural Development?

The exodus of farm people to cities has not alleviated the number one problem in many areas yet. In areas of low income, the attendant things like poor schools, poor housing, inefficient or poorly skilled labor, small farms, poorly managed low producing crops and animals and many others, challenge us with the question: Can these problems be solved? The answer is yes. However, to solve them, we as educators and leaders must get busy. Education is for people, not pigs or pullets!

We must have facts, then face the facts. It's the "in-between" farmers that need our help. They have four ways to choose from:

- (1) Get commercial; (2) Get part-time; (3) Get off the farm, or
- (4) Get on welfare rolls.

These farmers then, who want to stay in farming, should get commercial or part-time. It is our greatest challenge to guide them into efficient farming and not to the welfare rolls. It will help to keep America growing and strong, rather than to sink to a low level as many other countries have.

Our Job

1. Provide information and services that will keep farmers feeding and clothing the Nation.
2. Help the farmer raise his standard of living comparable to other segments of society.
3. Help the public to see that it is as important to have a strong agricultural plant as it is to have a strong military machine. (People have and can exist for centuries without automobiles, TV, bathrooms, or even clothes, but never a week without food).

4. See that every acre is protected and put to its best use in line with demands for food, feed, fiber and forestry.

5. Year-round employment for every worker; education to fit them for a vocation; health measures for all.

6. Communities to have good roads, schools, churches, recreation facilities, telephones, electricity, and other cultural opportunities.

Rural Development is our challenge to think, study, and try as hard as we know how -- man is more than an animal, he has a mind, memory, plus a heart and love. The heart and love are the greatest: "For as ye do unto the least of these, so also ye do unto me."

WHERE DO WE GO FROM HERE WITH RURAL AND RESOURCE APPROACHES

David S. Weaver, Director
North Carolina Agricultural Extension Service

My job this morning is to talk to you -- your job is to listen to me. If you finish your job before I finish mine, PLEASE LEAVE QUIETLY'.

This isn't going to be a talk based on definite steps -- one, two, three or A, B, and C. My assigned topic is "Where Do We Go From Here?" Well, I for one, am going home in an hour or so, but I'm not going home and you're not going home until I give you what I think is more important "over the long pull" than a recommended 1, 2, 3 program on procedure.

I think we need a clearer understanding of our challenge -- of our job -- of the philosophy that motivates us.

You have spent a whole week in working on details, on parts of the program and you've done a fine job. These group reports and our discussions here this week show good thinking and I know each of you has amassed many useful ideas and aids--most of them with a practical slant. But without a passion for our jobs, a never-give-up attitude as a personal urge to do our best, they may be an utter waste. I am challenged to CHALLENGE you, as I have been challenged to try to make you see the glory of this opportunity --this people to people effort.

Please bear with me a few minutes on a little history and a few predictions. The last twenty years: 1939 to 1959 -- The next twenty: 1959 to 1979.

We can only predict the future on the basis of the past. Everyone in this room can remember most of the events of the past twenty years--so let's briefly review a few of them to prove they were the most dramatic, the most wonderful, and the most significant in all history. If we can establish this fact and then show that the NEXT twenty years will be even more stupendous--then we, as individuals, can perhaps detect the personal challenge that faces each of us. The last twenty years have been the most exciting in your life, and certainly the most exciting in all history, and you were there. Twenty years ago we were moving from the grimness of a world depression into the tragedy of war--no one was to be spared. Every human life was affected by these events. It seemed that the world was falling apart.

Scientific truths were discovered so fast, technology developed so far and so rapidly that each of us were caught up in the fantastic whirlpool.

The Mad Man of Europe took over. The Nazi bombers drove Britain's children into military camps. We passed the Selective Service Act. We sent "Bundles to Britain" and protests to Berlin. Japan ravished China, the greatest crime in modern history. And on "That Day of Infamy" that Sunday, December 7, 1941, the roar of bombs at Pearl Harbor dramatically awakened every American that we were in it.

America, the symbol of hope in the depression, became the WORLD symbol of victory in war. We geared for war and built the greatest war machine of all time. We wrote V-mail letters to our boys and we counted ration stamps at the grocery store. We stormed the beaches of Normandy for Ike and we returned to the Philippines with McArthur. The Great Lion of Britain roared out his "blood, sweat and tears" cry and steadied the whole shakened world.

America rose to her greatest hour -- "from Tarawa to the Bulge." American soldiers and the American people carried the load--built the war machines and produced the food that won the war. And when the smoke of battle cleared away, our dead--400,000 of them--were counted.

Yes, there were others dead, too -- Hitler and his Eva were dead; Mussolini and his girl friend, Carita, were dead. And so were 40 million people, millions of them innocent women and children. America alone spent enough money to "save the world," to have built schools, churches, roads, and hospitals for centuries to come. With this wasted money, we could have eliminated poverty, filth, ignorance and disease for all time in our own nation and in most of the world.

Victory in Europe and V-J Day four months later came with a bang! In fact, two bangs -- one at Hiroshima and one at Nagasaki. With just one trigger pull, we killed 150,000 Japs and set into motion the great force--the great THING that may become man's greatest blessing or man's greatest curse--atomic power. What does it hold for us? We dismantled one army and immediately started to build a new one. And a little babe was born -- "The United Nations Organization." God grant that as the birth of the Babe of Bethlehem 2,000 years ago symbolized the coming of a New Era on Earth, so may this New Babe bring PEACE ON EARTH, GOOD WILL TOWARD MEN for all time to come.

We got busy in America -- we raised babies, 50,000,000 in 20 years. We got jobs for over 70,000,000 workers. We built housing developments. We built airports, automobiles, television sets and air conditioners. We crowded our colleges with G.I's and our hospitals with Blue Cross patients.

Alger Hiss awakened us to the threat of internal infiltration. And then came the jet to increase the threat. Again America tightened her belt and

went into action -- this time with BREAD instead of BULLETS -- with AID instead of ARMS.

We met the new crisis with action -- in Greece with the Truman Doctrine! In Berlin with the air lift! In Russia with the Voice of America! All over the world with: The Marshall Plan, the Point-Four Program, with NATO and with tightened security measures at home. And we prayed as no nation has ever prayed.

We built more churches and baptized more people in a shorter time than ever before. We fought back in Korea the strangest, most fantastic and the most unpopular war in history. And our FLY-BOYS crashed the sound barrier.

Internally we were moving. We heard McArthur's "Old Soldiers Never Die." Union bosses took over and delayed our reconversion to peaceful production. We passed the Taft-Hartley Act and then buried Mr. Taft. Arthur Godfrey and his gang got going. Television was here. Jackie Robinson broke the color barrier in sports and segregation became a big issue. McCarthy and his methods became a threat to individual liberty. "I like Ike" spread across the land! Bannister broke the 4-minute mile. Jerry Lewis and Dean Martin made us laugh and Perry Como took over Saturday night. Mantle took over from DiMaggio and Hollywood goes in for wide screens, three dimensions, Monroe and Mansfield. Then came 33 and 45 RPM records and the disc jockey, and Sullivan versus Allen -- and now we have TV Westerns, morning, noon and night. And to top it all, we have Fidel Castro!

The Brannon Plan went down and up came the Soil Bank. Filter tips and homogenized tobacco makes 'em "taste good like they should," and "if they haven't got it up front, they haven't got it." Ford took over from Chevrolet and Plymouths get tail fins. The Rambler cracked the door and the little foreign bugs are chugging all over the place. And now we all get polio and Asian flu shots. And we're even invading God's territory with an earth satellite, and even one around the sun, sailing around up there -- beep, beep, beeping, warning us of things to come.

We sent atomic submarines under the North Pole and nuclear electric plants are springing up so we can worry about radio-active fall out, bomb shelters, and civil defense.

Now we have SUBURBIA! A new problem to deal with. It suddenly seems that all city dwellers want to get a piece of God's green earth so with the coming of the automobile, paved roads, electricity and the power lawn mower they're all moving to the country -- bringing on a host of new problems for agricultural workers.

Yes, the last twenty have been busy ones. The busiest ever. And you were there! Perhaps I've spent too much time bringing you up to this point, but

I hope it's not all wasted; I wanted to show you as dramatically as I could in a hasty and perhaps crude way the vast, stupendous changes in the life-time of even the youngest person in this room.

What has all of this got to do with your problems here today? With Rural Development? Let me see if I can point this up. Let's start with people-- farm people. Too many and too poorly trained. 100 years ago one farmer fed four. Today he must feed twenty-three, but tomorrow he will feed thirty, forty, maybe fifty. For the nation, this is good but for the family being crowded out of farming--this is serious.

To be specific we have: Schools -- too small and poorly equipped. Teachers -- too few and underpaid. Housing -- too poor and substandard. Incomes -- too low and uncertain. Labor -- too seasonal and inefficient. Soils -- too poor and badly managed. Water -- too much or too little. Farms -- too small for efficiency. Food -- too limited in variety and millions still nutritionally hungry. Crops -- too low in yield and quality. Animals -- too low in production and too poorly managed. Markets -- too few and too poorly understood and managed.

All of these are only a few of our problems. Can these problems and hundreds of others ever be solved? The answer is distinctly "yes." If it were "no," then you and I who live and struggle to improve the minds of men, women, and children had better quit. And I submit that if we are educators and leaders and if our job is education and service and if we are to render essential services in health, welfare, employment, etc., we must get busy. It is people and not pigs, children and not chickens we must deal with. You CANNOT EDUCATE and serve a PIG or a PULLET. You can only educate and serve people.

If we cannot do this, then we should throw out our files, close our books, lock our desk drawers, and like the Arab "fold our tents and slip silently away into the night." We should sneak quietly out the back door of our offices into the darkness and tomorrow morning apply for unemployment compensation until we can get jobs as clerks, waitresses, salesmen, or carpenters. No, we cannot and we will not take the easy road. We are not of the stuff that stands idly by when so much is to be done. Before we can do anything, we must have the facts, and equally important we must be willing to face them.

I am now going to make a statement that is harsh, yes, even cruel, but I want to make a point and will risk the criticism I'm sure I'll get by saying this in simple, crude words. I'm sure you'll be shocked and hurt, but I'm doing it deliberately. If I have to make you angry, I'm going to do it, because I want you to think. If I can get you to think of the big, tough problems that must be solved, I do not care what you think of me!

Over-simplified it is this -- for this discussion, farmers fall into three groups:

1. Commercial farmers - those who produce enough to make a substantial contribution to our supply of food and fiber. I'm not referring to so-called corporation farmers -- but good, practical family-operated farms for the most part. These people feed the nation.
2. Part-time farmers - these are partly commercial but their human and physical resources are too limited to permit a satisfactory living standard to be maintained by farming alone, hence their income must be supplemented by off-farm employment. This is good, especially for the short run -- a sort of stop-gap, during a transition period.
3. The In-Between farmers - neither commercial or part-time. These are our problem farmers -- these are those who create that elusive bug-a-boo "the average low income," traditionally, but wrongly associated with all farmers.

If you will, for the moment, accept this classification, let's concentrate on this in-between group. What can they do? What alternatives do they have to do better? Here comes the tough part! They have four choices, four alternatives, four ways to get out of this bad and impossible situation. They can:

1. Get commercial,
2. Get part-time,
3. Get off the farms, or
4. Get on the welfare rolls.

It's just that simple! Yet this very simplicity clearly focuses the situation that gave birth to the Rural Development concept. Your job and my job -- yes, even the Nation's job -- is to get this group into the right slot -- the right place.

A farm family with no capital resources, no technical training, and above all, no decision-making ability or aggressive, progressive attitudes is more out of place in trying to stay in the terrific race for efficiency that characterizes the farming of our time, and which will be greatly intensified in the future than is the so-called "square peg in the round hole." At least the square peg has four contacts with its environment which assures some stability; but I, for one, do not see a single point of opportunity for these farmers to live satisfactorily on the farm unless they can get commercial or get part-time.

Here is Rural Development's challenge: Through complete individual, family-by-family, field by field, opportunity by opportunity analysis, we as trained workers must guide these people into the best choice of the first three possibilities -- get commercial, get part-time, get off the farm into jobs for which they are qualified -- any way, any way whatsoever to keep them from sinking to that ghastly choice of getting on welfare rolls.

I stand for the better aspects of Social Security, for Workman's Compensation, for assistance to the needy, the incapacitated, the aged and the infirm, but to perpetuate the abuse of these programs is to destroy forever the principles of American individualism, American initiative, and American freedom. As sure as the sun will rise tomorrow, we will sink to the level of those nations which have preceded us if we destroy not only the "right to work" but the "will to work" -- for in work lies not only the strength of the nation, but the salvation of the human soul. Those who "seek something for nothing" -- those who want to get instead of give will destroy us quicker and more surely than will the communists; in fact, may even destroy us before the communists get a chance to try it.

What is our job? It is to provide the information and services based on research and experience that will enable the farmer to do just two things: One - to feed and clothe the nation with a sufficient quantity of high-quality food at a price satisfactory to both consumer and producer. Two - to raise his own standard of living to a level comparable to other segments of society.

I want to stress that the above should be stated in the order given: First, the service we must render for all the people and second, helping farmers. This is awfully important. We can no more justify the vast sums of money being spent for agricultural programs if we imply that that money is for the benefit of the farmer alone than the military people could justify their billions being spent for the benefit of soldiers. As the army and navy protect the nation with the world's best trained fighters, so agricultural research, education, and essential services must protect the nation with the world's best trained farmers.

Both are essential, but let's never forget that in the final analysis, bread is more essential than bullets. But our poor public relations have let the people, the taxpayer, forget this and as farm people become more and more a smaller and smaller minority, the greater the effort must be to get our customers (who incidentally pay most of the cost of the agricultural research, educational and action programs) to consider their tax donations to agriculture in the same light that they willingly tax themselves to support the military programs. Unless we do this, agriculture will continue to exist on low wages and subsidies. And the vast sums needed to do the job will be classed as charity and doles and the people who till the soil will be looked upon as wards of the government unable to meet the fierce competition of modern civilization.

Now let's look at the farmer's real job, the job he must do to fulfill his obligation, to render his service. It's unique, it's complex, it's still based more on an "art" than a science in spite of our great progress; yet is it the most essential job in the world? People existed for countless centuries without automobiles, televisions, bathrooms - yes, without clothes or houses, but never for a week without food. And food is the farmer's business!

Our job is not finished until: Every acre is put to its best use in line with demand for production of human food, animal food, fibers and forestry products. Until every acre is: Protected against erosion, receptive to water infiltration and drained for maximum production, and there is adequate water for each farm. Until - there is a year-round job for every worker, eliminate peak seasonal and low seasonal earning capacity for high standards of living, education for understanding and decisions, leisure for thinking and health, and recreation. Until - every child is healthy, happy, industrious and there is a happy and contented farm population. Until - attitudes, broad, tolerant, ambitious, understand national and world problems.

Our job is not complete until every community has: Roads, schools, churches, recreational facilities, electricity and telephones, cultural opportunities - (libraries, little theatres, art exhibits, concerts and dramas). And every county has: Intelligent population, interested in politics, alert, public service minded, education, jails, welfare, health, safety. Education for every person in line with his capacity; health - sanitation, comfort, food, clothing; security - old age, accident insurance, housing - comfort, health, beautification.

These needs, and these vast world-shaking changes bring us to our problems here this week. Rural Development! Progress and time march on. But progress has by-passed many and agricultural incomes are low. Where do we go from here? I don't know and you don't know, but I do know this: If each of us, in our own way, will study and think and try, we can lick this thing. But if each individual and each agency sits back and says, "I'm too busy, let those other fellows or those other agencies do it," then we will not lick this problem. If this is our attitude, we might as well give up and say it can't be done. I now want to ask you -- in his own time, WHAT SHOULD A MAN DO? What can he do? If it is easy to do, is it worth doing? Why should, in our time, Tensing and Hillary climb Mt. Everest? Why? Why should Roger Bannister spend his life training to run the four-minute mile? Why should Einstein spend his life developing the simple formula $E = M \times C^2$ which is changing the world? Why did Jonas Salk search for a vaccine that would conquer polio? Any why did John Foster Dulles drive himself, force himself, smilingly to the verge of death, giving his all, giving his last bit of strength traveling to the ends of the earth to protect the weak, to retard

the strong in his wrong-doing. And why did Sam Woodson in his do or die effort to rescue little Bennie from the well as the last cave-in started say, "It wasn't Bennie's voice I heard, it was God's"? What difference to them personally, 20 years from now? The sun comes up and the sun goes down, doesn't it? Who cares if somebody did something or somebody else didn't?

Man is an animal, isn't he? Why should he go to a lot of trouble about the kind of animal he is? What is he trying to prove? Who is he trying to impress? Yes, man is an animal but he is an animal plus - and the plus is what counts. Plus a mind! Plus a memory! Plus a heart and love! And the heart and love are the greatest of all. "For as ye do unto the least of these, so also ye do unto me!"

Yes, these are our challenges and our responsibilities -- this is our work. But what of ourselves - each of us, a creature with a mind and a soul? What is our personal challenge? Mine is this. And I think it is yours. Just a little prayer: "Oh Lord, let me help someone each day. Let me do what I can for others. Let me do it now, for I shall not pass this way again." And so let me close with a little poem that has helped me, and I know will help you as you go about your never-ending effort to help people:

"It is my joy in life to find,
At every turning of the road
The strong arm of a comrade kind
To help me onward with my load.
And since I have no gold to give,
And love alone must make amends
My only prayer is, while I live -
God make me worthy of my friends!"

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